

GEORGIA PUBLIC SERVICE COMMISSION

2009 Annual Report



**Chairman H. Doug Everett
Vice Chairman Lauren "Bubba" McDonald, Jr.
Commissioner Robert B. Baker
Commissioner Chuck Eaton
Commissioner Stan Wise**



**Georgia Public Service Commission
2009**

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LETTER TO THE GOVERNOR

January 1, 2010

The Honorable Sonny Perdue
Governor of Georgia
Office of the Governor
State Capitol
Atlanta, Georgia 30334

Dear Governor Perdue:

The Georgia Public Service Commission is proud to present its 2009 Annual Report, which highlights the agency's major achievements during the past year regarding the state's utility and transportation industries.

Despite declining state revenues and a sluggish economy, the Commission continues to ensure that Georgia consumers receive the best possible value in utility and transportation services, while enforcing natural gas pipeline safety and protecting the utility infrastructure from damage.

The Commission contributed \$4.1 million to the state's treasury in fiscal year 2009, primarily as a result of its enforcement activities.

The Georgia Public Service Commission looks forward to serving Georgia's citizens in 2010 and contributing to the state's dynamic economic growth and development.

Respectfully submitted,



H. Doug Everett, Chairman
Lauren "Bubba" McDonald, Jr., Vice Chairman
Robert B. Baker, Jr., Commissioner
Chuck Eaton, Commissioner
Stan Wise, Commissioner

EXECUTIVE SUMMARY

The Commission's major achievements during 2009 regarding utility regulation, transportation, pipeline safety and facilities protection are set forth below.

ELECTRIC

The Commission certified two new nuclear reactors at Georgia Power's Plant Vogtle near Waynesboro, Georgia on March 17, 2009. As part of the settlement in this docket, Georgia Power will pay \$600,000 per year for each year of construction for an independent Construction Monitor.

The Commission also on March 17, 2009 approved the Georgia Power Company's request to certify the conversion of Unit 3 at its Plant Mitchell generation plant from burning coal to biomass fuels. As part of the 2007 Integrated Resource Plan (IRP), the Commission found Georgia Power's plan to develop cost-effective renewable resources to be reasonable. The plant is scheduled to be in commercial operation for the summer of 2012.

In April 2009, the Department of Energy (DOE) and the National Association of Regulatory Utility Commissioners (NARUC) selected the Commission as one of only seven state public utility commission partners to participate in a solar energy resource potential study. The project will last up to one year.

The Commission in August 2009 approved changes in Georgia Power's Green Energy program to encourage the continued development of solar energy within the State of Georgia and to offer additional solar energy within the Green Energy Program,

The Commission accepted a request from Georgia Power to delay the filing of a Fuel Cost Recovery Case until no later than December 15, 2009. The Commission has previously approved two earlier delays of the Company's filing in Docket Number 28945. In a Fuel Cost Recovery filing, the Company seeks to recover the cost of fuel, prudently incurred, that is used for electric generation. The last Commission approved fuel cost recovery increase for the Company was on May 20, 2008.

NATURAL GAS

In February 2009, Commerce Energy filed a Request for an amendment to its Certificate of Authority to reflect a change in ownership. The Commission approved this request in June 2009. On April 1, 2009, the Commission selected SCANA Energy to serve as the Regulated Provider of natural gas, for service to begin on September 1, 2009. The Commission issued an Order for Atmos Energy's 2009 to 2010 Gas Supply Plan in Docket No. 29554 on September 24, 2009. On October 1, 2010 Atmos Energy filed its 2009-2010 rate case in Docket No. 30442. The Commission will hold hearings for Atmos' Direct case beginning on January 12, 2010.

In February 2009, the Commission approved an AGLC Strategic Corridors Proposal and approved AGLC's proposed plan allowing the full use Universal Strategic Funds up to the Company's 5% budgetary cap.

In March 2009, the Commission approved an Atlanta Gas Light Company proposal to provide economic incentives to business for natural gas service, known as the Georgia Sustainable Environmental Economic Development Program or "SEED."

In October 2009, the Commission approved an AGLC proposal to ensure that the Company's natural gas distribution system will be able to handle increased load growth and improve the system's reliability. The Program is the Strategic Infrastructure Development and Enhancement Program, or "STRIDE."

TELECOMMUNICATIONS

In 2009 the Commission approved 30 interconnection agreements, certificated 16 long-distance resellers, one (1) alternative operator service providers, 24 competitive local exchange providers, 5 inter-exchange service providers and one (1) payphone service providers. The Commission approved the disbursements for all applicants for the 14th Universal Access Fund year of \$9,307,135, with the aggregate annual cap amount remaining at \$11,000,000.

FACILITIES PROTECTION

During 2009 the Pipeline Safety Group monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipelines transporting natural gas to over 2 million Georgia customers. With eight qualified inspectors, each inspector is responsible for approximately 9,769 miles of natural gas pipeline along with 250,000 customers. The Commission evaluated operator compliance with the Pipeline Safety Regulations during 1,029 inspections, expending 1,560 inspection days. These inspections addressed operator qualification, integrity management, comprehensive, specialized and construction inspections, along with accident investigations and follow-up inspections that monitor operators for violations of the law.

The Commission in 2009 also began enhancing safety by implementing the requirements of a Countywide Safety Plan to ensure that natural gas operators who were installing natural gas lines in close proximity to other natural gas providers were taking safety into consideration.

The damage prevention efforts of the Commission, as stated above, are a result of its responsibility for enforcement of the Georgia Utility Facility Protection Act (O.C.G.A. 25-9). FY 2009 proved to be a challenging year for the Commission in carrying out those responsibilities.

Education continued in 2009 to be an effective enforcement tool in addressing violations of the GUFPA with 2,925 people attending 371 training sessions in lieu of paying all or a portion of assessed civil penalties. In Fiscal Year 2009 the Commission collected and forwarded to the General Fund \$824,778.37 in collected fines from an assessed total of

\$4,045,100.00. The Commission staff continued its damage prevention efforts in FY 2009 in appearances before numerous groups around the state including locators, excavators and facility owner/operators in 21 public presentations representing some 1,760 attendees on different facets of the GUFPA.

LOCAL AND NATIONAL ACTIVITY

The Commission continued to monitor environmental proceedings at the state and national level. Although the federal government in 1998 approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose Department of Energy (DOE) delays to fully comply with laws that require DOE to remove spent nuclear fuel from nuclear plants in Georgia.

On July 22, 2009, Commission Chairman Doug Everett, Commissioner Lauren “Bubba” McDonald, Jr. and Commissioner Stan Wise traveled to Washington, D.C. to meet with members of Georgia’s Congressional delegation to voice their concerns on how pending climate change legislation would affect Georgians.



Commissioners meet with Georgia Democratic Congressmen



Commissioners discuss Climate Legislation with Georgia Republican Caucus



Commissioner Wise Speaks to State Senate Regulated Utilities Committee

Commissioner Stan Wise testified before the House Energy and Commerce Subcommittee in Washington, D.C. on February 26, 2009 on legislation regarding federal Renewable Portfolio Standards. Wise warned the panel that such mandates would have a significant negative effect on Georgia ratepayers.

On February 4, 2009 Commissioner Wise spoke before the State Senate Regulated Utilities Committee in support of Senate Bill 31 which would allow utilities to collect financing costs during the construction of new nuclear power facilities.

In July, the Georgia Committee for Employer Support of the Guard and Reserve awarded the Commission the Patriot Award for the Commission's support of National Guard and Reserve employees. Chairman Doug Everett accepted the award on behalf of the Commission.

CONSUMER AFFAIRS

The Consumer Affairs Unit experienced a change in leadership in mid-2009 as longtime Director Cynthia Johnson left the Commission and Mike Nantz assumed his duties as the new Director of Consumer Affairs. The Unit contributed to the Commission's community outreach activities by participating in thirty-six events attended by approximately 1700 consumers. The Commission also increased public awareness of the Lifeline/Link-up Program, a federally funded program that subsidizes the cost of telephone service for low-income consumers. As a result, the number of participants in Lifeline/Link-up through June 2009 increased by 50% over the number participating in 2005. Within the first six months of 2009, participation had increased by 13% over the total number for 2008.

TRANSPORTATION

In 2009 the Transportation Unit processed 480 applications and issued 534 certificates and permits to qualifying transportation companies. Staff trained 224 individuals at 25 training classes, which are mandatory for newly certified transportation companies. In 2009, 218 complaints were investigated, 138 compliance audits were performed and 3,852 insurance filings were received and processed for all insurance companies under the Commission's regulatory authority.

HISTORY AND MISSION OF THE COMMISSION

HISTORY

On October 14, 1879, Georgia became one of the first states to establish a regulatory body to resolve complications resulting from increased railroad expansion and competition. Known at that time as the "Railroad Commission of Georgia," the members of this body originally were appointed by the Governor for the purpose of regulating railway freight and passenger rates. In 1906, the Legislature allowed the voters to elect the Commissioners for six year terms.

In 1891, telegraph and express companies came under the Commission's jurisdiction. Then, in 1906 the Legislature gave the Commission authority over docks and wharves, as well as telephone, natural gas and electric companies, and increased the number of Commissioners from three to five. The Legislature further expanded the Commission's jurisdiction in 1931 when it authorized the Commission to regulate the trucking industry. Cognizant of the changing role of this regulatory body, the General Assembly in 1922 changed the name of the Railroad Commission of Georgia to the Georgia Public Service Commission. In 1943, the Commission became a constitutional body (Article 4, Section 1, 1983 Georgia Constitution). Its powers and duties are established by legislation and described in Title 46 of the Official Code of Georgia. The Legislature in 1998 required Commissioners to reside in five separate districts though they remain elected by the voters statewide effective for the 2000 elections.

In 2001, the Commission's Transportation Unit became part of the new Department of Motor Vehicle Safety as a result of legislation passed by the 2001 General Assembly.

In 2002, Earleen Sizemore became the first woman to ever serve on the Commission following her appointment to the Commission after the death of longtime Commissioner Bob Durden in May 2002. Later that year, Angela Speir became the first elected to the Commission.

In 2005, the Commission resumed responsibility for regulatory jurisdiction over household goods movers, limousines for hire, passenger carriers and nonconsensual towing due to the passage of House Bill 501. In 2006, the Commission approved the acquisition of Bellsouth Georgia by AT&T which serves nine southeastern states.

In 2009 the Commission approved the construction of Georgia's first new nuclear power electric generation facilities since the 1970s.

MISSION

The Commission is a quasi-legislative, quasi-judicial agency comprised of five Commissioners elected on a statewide basis. The Commission's mission is to exercise its authority and influence to ensure that consumers receive safe, reliable and reasonably priced telecommunications, transportation, electric and natural gas services from financially viable and technically competent companies. The regulatory side of the Commission's activities is most prevalent in relation to investor-owned natural gas and electric power utilities. The Commission has the authority to set rates, require long-range energy plans, provide for the safety of natural gas pipelines and protect underground utility systems from damage.

Over the past decade, growth, competition and technological advances have significantly changed the Commission's role. With market segments of the telecommunications and natural gas industries open to competition, the Commission strives to facilitate market development, educate consumers, arbitrate complaints among competitors and monitor the effectiveness of the competitive markets.

PUBLIC SERVICE COMMISSIONER PROFILES



H. Doug Everett

Commissioner Since: January 1, 2003

Elected: 2002, Re-elected: 2008

Serves Through: December 31, 2014

Republican, Albany, Georgia

Chairman, 2009 Georgia Public Service Commission

A native of Cordele, Georgia, Commissioner Doug Everett is the first Republican elected to the Commission from Southwest Georgia. In 1996, he was elected to the Georgia House from Albany and served three terms before his election to the Commission in 2002. As a State Representative, he served on the House Industry Committee and the Subcommittee on Utilities.

Prior to serving as a state legislator, Everett served three terms on the Albany City Commission, including two years as Mayor Pro Tem.

Commissioner Everett is a past president of the Southeastern Association of Regulatory Utility Commissioners (SEARUC), a non-profit corporation for the advancement and education of commission regulation and the promotion of cooperation among the commissions of the 11 member states. He also serves on the Board of Directors of the Georgia Agrirama Development Authority. He is also a past member of the Advisory Board of Directors of the Institute of Nuclear Power Operations.

He entered Georgia Tech but later transferred to Georgia Teachers College (now Georgia Southern University) and majored in math.

Everett is married to Janice Perry Johnson of Montezuma. The couple has three grown children, Mitch, Mike and Denice Delk, five grandchildren and two great-grandchildren. Everett is a former member of the Albany Rotary Club, the Sylvester JAYCEES and the Sylvester Kiwanis Club.



Chuck Eaton

Commissioner Since: January 1, 2007

Elected: December 4, 2006

Serves Through: December 31, 2012

Republican, Fulton County, Georgia

Commissioner, Georgia Public Service Commission

Chuck Eaton was elected to his first term on the Public Service Commission in December of 2006. He was one of only two statewide Republican candidates in the entire country to beat an incumbent during that election year. Before serving on the Commission, he worked in real estate sales. Prior to moving to Atlanta, he was an Account Executive for a packaging manufacturer in LaGrange, Georgia. Commissioner Eaton also has an Accounting Degree from the University of Alabama.

He is the past President of the Buckhead Forest Civic Association and was also a representative to the Atlanta Neighborhood Planning Unit "B," a citizen group that makes recommendations on zoning, land use, public safety and community issues. In Troup County he served on the Board of Directors for Troup Haven House—a children's shelter.

Commissioner Eaton has been involved in the political process for a long time. In 1992, he served as Congressman Phil Crane's Deputy Campaign Manager. In Troup County he successfully managed multiple campaigns for former Representative Jeff Brown. He is a graduate of the Coverdell Leadership Institute, a statewide organization founded by late U.S. Senator Paul D. Coverdell to strengthen leadership and political skills.

Chuck lives in Atlanta with his wife, Erika, their daughter, Lydia, and their three rescued dogs. When not working at the Public Service Commission, he enjoys playing golf, target shooting, and boating with his family on Lake Lanier. The Eaton's are members of Peachtree Road United Methodist Church.



Robert B. Baker, Jr.

Commissioner Since: January 1, 1993

Elected: 1992; Re-Elected: 1998, 2004

Serves Through: December 31, 2010

Republican, Clarke County, Georgia

Commissioner, Georgia Public Service Commission

Bobby Baker was first elected to the Public Service Commission in 1992, and was the first Republican elected to a statewide constitutional office since Reconstruction.

Since that time, he has established a reputation as a fair and forthright champion of the Georgia consumer—fighting to keep utility rates reasonable while maintaining a strong climate for economic development. Baker has worked aggressively to develop competitive markets for utility services, reduce regulation, and expand toll free calling throughout the state. He was elected to a third term in November 2004.

Bobby Baker grew up in DeKalb County and attended DeKalb County public schools. He went on to graduate from Oglethorpe University with honors and receive his law degree from the University of Georgia.

After graduating from law school, Bobby Baker joined the Southeastern Legal Foundation, a regional conservative public interest law firm. While he later entered private practice, he continued to seek opportunities to make a positive impact on people's lives—a goal he has accomplished during his tenure on the PSC.

Bobby Baker has been recognized on numerous occasions by both Georgia Trend magazine and the Atlanta Business Chronicle as one of the city and state's most influential leaders. He has served on the board of directors for the Georgia Center for Advanced Telecommunications Technology (GCATT) and also as Vice-Chairman of the Gwinnett County Planning Commission. Bobby and his wife, the former Joselyn Butler, were married in 2001.



Lauren "Bubba" McDonald, Jr.

Commissioner Since: January 1, 2009

Elected: December 2, 2008

Serves Through: December 31, 2014

Republican, Clarkesville, Georgia

Vice-Chairman, 2009 Georgia Public Service Commission

McDonald, who served twenty years as a state Representative, was appointed to the PSC by Governor Zell Miller to fill a vacated post and then re-elected in a special mid-term election in 1998. He held the seat until 2002. On December 2, 2008, Georgians elected McDonald to serve on the Commission again.

McDonald has a deep knowledge of the energy industry. During his previous term, he served on the Committee on Electricity of the National Association of Regulatory Utility Commissioners, chairing that body's subcommittee on Nuclear Issues and Waste Disposal in 2001 and 2002.

McDonald has spent decades serving the residents of Georgia. As a state Representative, he chaired the Industry Committee for five years and the Appropriations Committee for eight years. He also served as a commissioner in Jackson County, served on the Board of Managers of the Association of County Commissioners of Georgia, and volunteered as a Firefighter for the city of Commerce for 35 years.

A native of Commerce who now resides in Clarkesville, McDonald is a graduate of the University of Georgia with a BBA in Business. He has long been a supporter of higher education, serving on the Board of Governors of Mercer Medical College and the Board of the Advanced Technology Center at the Georgia Institute of Technology. He was also a director of the Small Business Development Center at the University of Georgia.

McDonald has lived his entire life within District Four of the Commission. Currently, he is a partner in L.W. McDonald & Son Funeral Home in Cumming, with his son, Lauren III. He is married to Sunny McDonald, is an elder in the Presbyterian Church, a private pilot, and an avid golfer.



Stan Wise

Commissioner Since: January 1, 1995

Elected: 1994; Re-Elected: 2000, 2006

Serves Through: December 31, 2012

Republican, Cobb County, Georgia

Commissioner, Georgia Public Service Commission

Stan Wise has served on the Commission since January 1995 and served as Commission Chairman in 1997, 1999 and 2006. He was first elected to public office as a Cobb County Commissioner in 1990 and had previously served that county as a member of the Cobb County Planning Commission and the Board of Zoning Appeals. Wise was a Board Member of the ten-county Atlanta Regional Commission from 1992 to 1994.

Wise served as President of the National Association of Regulatory Utility Commissioners (NARUC) in 2003 and 2004. He is a member of the NARUC Board of Directors and serves on the Gas Committee of NARUC. He is a past President of the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the U.S. Department of Energy's State Energy Advisory Board and currently serves on the Cobb County Public Schools Educational Foundation, Inc.

Governor Sonny Perdue appointed Commissioner Wise to the State Energy Policy Council in 2006. The Governor named Wise to the Commission for a New Georgia where he served as Team Leader for the Aerospace Technical Advisory Group. The Atlanta Business Chronicle named Commissioner Wise as one of Georgia's 100 most Influential Citizens in 2006. Charleston Southern University named Wise the Outstanding Alumnus of the Year. In 2005 the Bonbright Center of the Terry College of Business named him its Honoree of the Year. Wise was awarded his B.S. in Business Management from the Charleston Southern University in 1974.

He owned and operated an insurance agency in Cobb County for over twenty years. He and his wife, Denise, have two grown children.

PUBLIC SERVICE COMMISSION MANAGERIAL PERSONNEL

DECEMBER 31, 2009

Commissioners

H. Doug Everett, Chairman
Lauren "Bubba" McDonald, Jr., Vice-Chairman
Robert B. Baker, Jr., Commissioner
Chuck Eaton, Commissioner
Stan Wise, Commissioner

Administration Division

Deborah Flannagan, Executive Director
Reece McAlister, Executive Secretary
Bill Edge, Public Information Officer/Legislative Liaison
Terry Pritchett, Fiscal and Budget Officer
Margie Conley, Human Resources Officer
Jada Brock, Director, Office of Operational Support
Robert West, Director, Transportation Unit

Utilities Division

Tom Bond, Utilities Division Director
Leon Bowles, Director, Telecommunications Unit
Pandora Epps, Director, Internal Consultants Unit
Sheree Kernizan, Director, Electric Unit
Mike Nantz, Director, Consumer Affairs Unit
Danny McGriff, Director, Facilities Protection Unit
Nancy Tyer, Director, Natural Gas Unit

UTILITIES DIVISION

A major issue the Commission resolved in 2009 was the certification of two new nuclear power electric generating units to provide additional power for Georgia consumers beginning in 2016. The Commission certified these generation assets following hearings and testimony from a number of parties. The Commission's decision will have far reaching effects on the state's growth and economy.

Historically, the Georgia Public Service Commission has been responsible for setting the rates charged by telecommunications, natural gas, electric and transportation companies and for establishing and enforcing quality of service standards. The telecommunications, natural gas, and electric industries previously were natural monopolies. Segments of the transportation, gas and telecommunications industries now are evolving into competitive markets that allow customers to choose among multiple providers for certain services and pay rates set by the provider. Other services, such as electricity, continue to be fully regulated by the Commission.

The pace at which competition is being implemented varies among the regulated industries. In the telecommunications industry, long distance service has been competitive since the mid-1980s. In 1995 and 1996, federal and state authorities opened local telephone service by federal and state legislation, respectively. Over the last few years, local telephone competition has been effectively redefined due to technological advances of broadband, VoIP and wireless telephone. State legislators and federal agencies have recognized that local telephone companies are now facing intermodal competition from cable TV companies and wireless providers, not just intramodal competition from other telephone companies. In 1998, Georgia opened the natural gas industry to competition. Since then certified marketers sell gas commodity service to customers in the Atlanta Gas Light Company territory while Atlanta Gas Light Company is a natural gas distributor only. Marketers set their own prices, whereas the Commission sets the rates charged by AGLC.

In spite of these changes in the regulatory environment, the Commission's mission remains the same—to ensure that consumers receive the best possible value in telecommunications, electric, transportation and natural gas services, to enforce natural gas pipeline safety and to protect utility infrastructure from damage. An overview of the role that the Commission has played in each of these utility industries over the past year, as well as key decisions of this agency, is set forth in the following sections.

Electric

Electricity is an energy form that is vital to the economy of the state and to the quality of life of Georgia's citizens. Of the three utility industries, the electric industry is the most universally utilized and perhaps the most essential. The investor-owned electric utility, Georgia Power Company is fully regulated by the Commission and serves approximately two million consumers. The Commission has limited regulatory authority over the 42 electric membership corporations (EMCs) and 52 municipally-owned electric systems in the state.

SIGNIFICANT MATTERS IN THE ELECTRIC UTILITY INDUSTRY IN 2009

COMMISSION APPROVES AGREEMENT TO ALLOW CONSTRUCTION OF NEW UNITS AT VOGTLE NUCLEAR POWER GENERATION PLANT

The Commission on March 17, 2009 approved the Georgia Power Company (Company) request for certification to build two new units at its Vogtle Nuclear Power Plant in southeast Georgia. This certification is required under Georgia law (O.C.G.A. §46-3A-3) for the Company to proceed with construction of these units and seek recovery of construction and financing costs from ratepayers. A majority of the Commission adopted a motion by Commissioner Stan Wise to accept a stipulation signed by both the Company and the Commission Public Interest Advocacy Staff. In addition, Commissioner Wise's motion would allow the Company to recover the cost of financing the plant during construction, known as Construction Work in Progress or CWIP, and approved a recommendation for the company and the PSC staff to work together to develop an alternative risk sharing mechanism to provide some protection from significant cost overruns to ratepayers.

Key points of the stipulation include:

- Sets the Company's portion of the certified cost of the new units at \$6.446 billion
- The Company will pay up to \$600,000 per year for each year of construction for an independent Construction Monitor
- Requires the Company to file semi-annual construction monitoring and quarterly status reports with the Commission
- The Company will file the first monitoring report on August 31, 2009 with the next report to be filed on February 28, 2010.

Commission reviews progress of nuclear plant construction



The first hearings were held in the latter part of the year on the progress of nuclear plant construction at Plant Vogtle. These hearings are held to review any changes that may affect the certification as required by the nuclear construction monitoring program agreed to by Georgia Power and Commission Staff and approved by the Commission.

COMMISSION SELECTED FOR NATIONAL GRANT TO DETERMINE THE POTENTIAL FOR SOLAR ENERGY IN GEORGIA

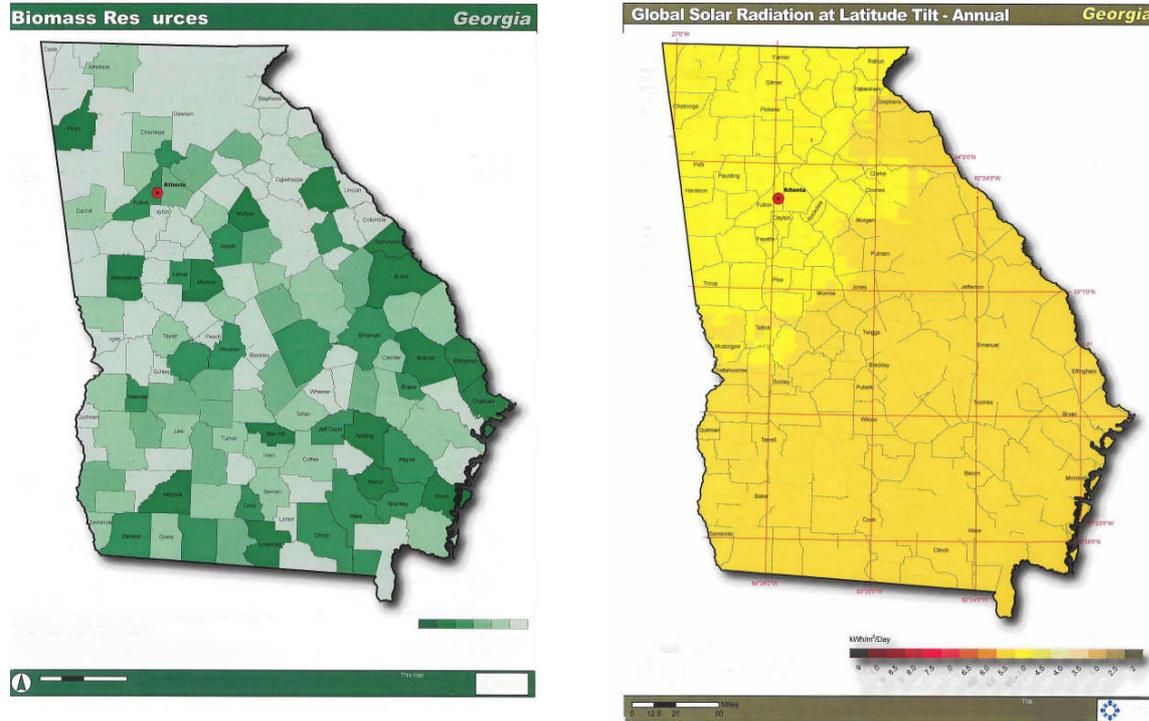
The Department of Energy (DOE) and the National Association of Regulatory Utility Commissioners (NARUC) selected the Commission in 2009 as one of only seven state public utility commission partners to participate in a solar energy resource potential study. The project will last up to one year.

This new partnership activity aims to provide states in the beginning stages of solar energy deployment with a solar resource assessment. The project is a piece of a larger DOE and NARUC partnership that will bring State utility commission staff and researchers from the DOE National Laboratories together to identify and analyze technological, economic and regulatory barriers facing solar energy adoption and examine policy options to overcome these challenges.

DOE will provide \$150,000 to fund the project. Besides Georgia, the other states selected to participate are Kentucky, Tennessee, Michigan, Ohio, Missouri, and Colorado. Georgia was selected through a competitive application process. Through a solicitation by NARUC, state commissions submitted research proposals covering a wide range of topics. Areas selected for analysis include an examination of feed-in tariff policies and implementation, solar energy grid integration issues, and the resource assessment analysis.

This suite of projects will receive \$150,000 of funding from the DOE Solar Energy Technologies Program. Future areas of funding may include solar hot water technical standards, quantifying the benefits of solar energy, and examining the role of solar energy in utilities' integrated resource planning processes.

Department of Energy National Renewable Energy Lab (NREL) study results include a mapping of renewable resources in Georgia by county (examples below show results for biomass and solar)



COMMISSION APPROVES CONVERSION OF PLANT MITCHELL TO BIOMASS

The Commission approved the Company's request to certify the conversion of Unit 3 at its Plant Mitchell generation plant from burning coal to biomass fuels. Georgia Power has indicated in its filing that conversion of the Plant Mitchell Unit 3 is consistent with the Company's renewable expansion plans, adds to fuel diversity and maximizes the life and value of the unit. As part of the 2007 Integrated Resource Plan (IRP), the Commission found Georgia Power's plan to develop cost-effective renewable resources to be reasonable. The plant is scheduled to be in commercial operation for the summer of 2012. Under the IRP statute, new power generation cannot be added to the system nor can significant changes be made to the capacity of an existing facility without a Certificate of Public Convenience and Necessity issued by this Commission.

COMMISSION APPROVES GEORGIA POWER COMPANY'S REQUEST FOR A DELAY IN FILING FOR NEW FUEL RATES

The Commission accepted a request from the Company to delay the filing of a Fuel Cost Recovery Case until no later than December 15, 2009. The Commission has previously approved two earlier delays of the Company's filing in Docket Number 28945. In a Fuel Cost Recovery filing, the Company seeks to recover the cost of fuel,

prudently incurred, that is used for electric generation. The Commission approved the most recent fuel cost recovery increase for the Company on May 20, 2008.

PSC APPROVES EXPANDED GEORGIA POWER GREEN ENERGY PROGRAM TO ENCOURAGE MORE SOLAR ENERGY

The Commission approved changes in Georgia Power's Green Energy program to encourage the continued development of solar energy within the State of Georgia and to offer additional solar energy within the Green Energy Program. The Commission found the following modifications to the proposed "RNR-5" tariff to be appropriate:

1. An increase in the limit for purchases of solar-photovoltaic energy from 500kW to 1500kW;
2. Thirty-five percent of the increased limit for purchases of solar-photovoltaic energy shall be reserved for applications of 25kW or less with no more than sixty-five percent reserved for applications above 25kW;
3. The size of commercial applications from which Georgia Power will purchase solar-photovoltaic energy shall be increased to 100kW.

The Commission encourages customers and interested parties to support the sale of products in the Green Energy Program, and encourages the Company to increase its marketing efforts. Increasing the amount of solar available for sale under this program removes the argument for not signing up. It is up to customers, other interested parties, and Georgia Power to make this program successful.

Monitoring Activities

The Commission staff continues to investigate and monitor the following aspects of the regulated electric utilities:

1. Effectiveness of hedging programs of Georgia Power in mitigating potentially high natural gas fuel costs;
2. Flat billing tariffs for residential and commercial customers, designed to provide price stability during fluctuating market conditions;
3. Performance and reliability of the utilities' generating plants; and,
4. Companies' earnings for excess revenues available for sharing, as defined in the approved accounting orders.

Territorial Matters and EMC Financing Requests

The Commission also oversees territorial assignments for all electricity suppliers pursuant to the Georgia Territorial Electric Service Act, O.C.G.A. § 46-3-1 et seq., by reviewing and authorizing requests for transfers of retail electric service, resolving disputes over service territories and maintaining the electric supplier territorial maps for each of the 159 counties in Georgia. The Commission also approves the financing applications of electric membership corporations.

The Commission Continues Its Involvement in State and Federal Activities That Impact the Electric Utility Industry

The Georgia Public Service Commission is active in its regional association, the Southeastern Association of Regulatory Utility Commissioners (SEARUC), as well as its national organization, the National Association of Regulatory Utility Commissioners (NARUC), to ensure that any legislation will benefit Georgia ratepayers. Commissioners and staff serve on the committees of several national and local groups including NARUC, SEARUC, Southeast Electric Reliability Council (SERC), Georgia Green Pricing Accreditation Group, Georgia Energy and Environment Group. The Commission has been active in many of Federal Energy Regulatory Commission (FERC) rulemaking dockets to ensure that Georgia's regulated consumers are not unduly harmed by policies that could lead to an increase in electric rates.

PSC Seeks To Protect Ratepayer Interests in Environmental Policy Decisions

The Commission continued to monitor environmental proceedings at the state and national level. Although President Bush approved Yucca Mountain as the repository for nuclear waste, the Commission continues to oppose Department of Energy (DOE) delays to fully comply with laws that require DOE to remove spent nuclear fuel from nuclear plants in Georgia. DOE's inaction has resulted in the need for Georgia Power Company to construct, at ratepayers' expense, additional on-site storage facilities to handle the accumulation of spent nuclear fuel and to engage in activities to construct an interim storage site. The Commission has addressed the DOE's position on this matter at formal hearings and in written documents to emphasize the severity of this situation. The Commission continues to work on a national level to ensure that any proposed federal legislation that seeks to address this problem provides an appropriate solution. In 2007, the Company received a favorable judgment in its lawsuit against DOE for not receiving the nuclear waste per its contract. DOE has appealed this decision in the Court of Federal Claims.

Natural Gas

Natural gas is important to the development and economic prosperity of Georgia. Approximately 1.6 million customers in Georgia use natural gas, delivered by the state's two investor-owned natural gas systems, Atlanta Gas Light Company (AGLC) and Atmos Energy Corporation (Atmos Energy). In early 1997, the Georgia Legislature passed the Natural Gas Competition and Deregulation Act (the Act), O.C.G.A. § 46- 5-150 et seq., which allowed these companies the option of electing to be governed under a new regulatory framework. More specifically, the Act provided for the transition of the natural gas commodity market from a regulated monopoly to a competitive marketplace. The Commission's role under the Act was to facilitate this transition.

Although Atmos Energy elected not to be governed under the Act, AGLC filed notification of its intent to be subject to the new regulatory model in November 1997. In managing the transition to competition in what traditionally were AGLC's service areas, the Commission's main objective was to implement the Act in a manner that allowed a majority of end-users to realize the benefits of competition, which include a greater choice among gas providers and better customer service.

In 2002, the Legislature passed the Natural Gas Consumers' Relief Act (House Bill 1568). The Commission enforced the provisions of House Bill 1568 by enacting Commission Rules, monitoring compliance and creating additional protections for natural gas consumers. In 2007, the Legislature passed House Bill 587 to allow municipal natural gas systems to petition the Commission to provide service in areas that are certificated but as yet not served. The Commission approved rules consistent with House Bill 587 (Utility Rule 515-7-1-.13) in May 2008.

Since the inception of the Universal Service Fund (USF), the Commission has approved over \$59.4 million in refunds to all ratepayers and over \$58.1 million in assistance to low-income customers. The Commission approved several Staff requests for customer education materials to be produced and distributed throughout AGLC's natural gas distribution territory. The Natural Gas Collaborative Team continued to educate consumers about the natural gas market in accordance with the Commission-approved customer education plan. This team, comprised of the Commission, the University of Georgia's College of Family and Consumer Services, AGLC and certificated marketers meets monthly to monitor and update the progress of this education plan.

SIGNIFICANT MATTERS IN THE NATURAL GAS UTILITY INDUSTRY IN 2009

CERTIFICATED NATURAL GAS MARKETERS

At the end of 2009, 10 natural gas marketers were certificated; nine of these marketers were actively serving customers. In February 2009, Commerce Energy filed a Request for Amendment to Certificate of Authority to Reflect Change in Ownership. The Commission issued its order on this request in June 2009.

REGULATED PROVIDER

On June 28, 2007, the Commission approved SCANA Energy as the Regulated Provider of natural gas under Docket No. 24560 for the period September 1, 2007 through August 31, 2009. As of December 14, 2009, the Regulated Provider had a total of 93,760 customers, with 28,320 designated as Group 1 and 65,440 designated as Group 2.

The Department of Human Resources (DHR) uses the same guidelines to qualify Group 1 customers as those established for the Federal Low-Income Housing Energy Assistance Program (LIHEAP). Group 2 customers are customers who have not been able to obtain service from other marketers due to poor credit or no credit. Since September 2002 and through August 2009, the Commission has approved over \$12,987,254.60 in disbursements to SCANA Energy to offset bad debts related to Group 1 customers. During 2009, the Commission approved over \$1,736,430.24 for Group 1 customer assistance. No such funds are available for Group 2 customers. On October 7, 2008, the Commission voted to direct approximately \$14,015 of available LIHEAP funds to enhance the DHR Energy applications to include the birth dates of LIHEAP applicants. With the implementation of this new enhancement, in February 2009, SCANA Energy can now identify LIHEAP customers' eligibility for the senior discount. The program for the 2007 - 2009 time periods includes several options for customers who pay bills in a timely manner, including discounted rates and the opportunity to switch to SCANA's deregulated rates.

On April 1, 2009, the Commission selected SCANA Energy to serve as the Regulated Provider of natural gas, for service to begin on September 1, 2009. On June 11, 2009, the Commission approved the 2009-2011 term Consent Agreement signed by Commission Staff and SCANA Energy. On September 1, 2009, SCANA Energy began their seventh term as the Regulated Provider for the state of Georgia.

The Annual Review Report for the 2008-2009 year should be distributed in early 2010.

RULEMAKINGS

Docket Number 12720: Natural Gas Marketer Billing Practices, Amendment to Rule. On March 6, 2009, the Commission issued a Notice of Proposed Rulemaking ("NOPR"). The NOPR included modifications to Commission Rule 515-7-6-.02 Service Quality Standards for Billing that would: 1) require that a marketer provide notice to existing customers when they create new pricing plans and when they retire existing plans; 2) require that marketers notify their customers quarterly of all of their pricing plans; and 3) require marketers to provide notice to customers upon the expiration of fixed rate contracts all of the marketer's current pricing plans. On July 27, 2009, the Commission issued a revised NOPR based on comments that were filed by parties responding to the initial NOPR. Staff held a workshop on September 30, 2009 to

discuss the latest round of comments that were filed. Currently, staff is in the process of revising the NOPR for Commission approval.

Docket Number 28884: Minimum Filing Requirements for the Electing Distribution Company (“EDC”)-Amendment to Commission Rule 515-7-11-.04. In this NOPR, the Commission sought to amend a number of provisions regarding the information required to be provided by the EDC in the minimum filing requirements (“MFR”) regarding the EDC’s Capacity Supply Plan. The rule states that the EDC shall file a Capacity Supply Plan consisting of but not limited to: A five year forecast using weather patterns, data pertaining to requirements and capacity supply costs, data for gas capacity and gas supply, a history of the EDC’s gas capacity release and acquisition activity during the appropriate time period, and various contract supplier information.

The NOPR was issued on January 20, 2009 for comments. Parties filed comments on February 27, 2009. Staff hosted a Workshop on this item March 19, 2009. Based on Staff’s analysis, the filed comments and the Workshop, the NOPR was amended and Staff recommended that the NOPR be released for a second round of comments with responses due May 5, 2009. Staff recommended the NOPR be released on June 2, 2009 for a third round of comments with responses due back June 18, 2009. Staff recommended that the NOPR be released on July 7, 2009 for a fourth and final round of comments with responses due back July 31, 2009. The Commission adopted the proposed rule at the August 18, 2009 Administrative.

BANKRUPTCY FILINGS MONITORED BY THE COMMISSION

There were no marketer bankruptcy filings during 2009. The Commission Staff continually monitors the financial viability of all of the certificated marketers through monthly and quarterly reporting requirements and data requests.

AUDITS

Docket No. 4167: Atlanta Gas Light Company’s Manufactured Gas Plant (MGP) In March 1992, Atlanta Gas Light Company filed an Environmental Response Cost Recovery Rider setting forth a proposed mechanism for recovering costs associated with the cleanup of MGP sites. On August 20, 1992, the Commission conducted a hearing at which several parties presented a settlement agreement to the Commission. On September 1, 1992, the Commission entered an Order adopting the settlement, subject to certain modifications. The Commission conducts quarterly audits of capital expenditures related to the MGP cleanup activities at fifteen MGP sites, three of which are in Florida, where AGLC used to manufacture natural gas from coal. The production process created by-products that contaminated the soil and ground water. The ratepayers of Georgia are assessed a surcharge to assist with this cleanup and the Commission. The Commission audits the expenditures for accuracy and financial prudence. The program audit cycle runs from July 1 of one year to June 30 of the next,

and during the recent audit cycle ending June 30, 2009, the Commission Staff audited over \$10,283,803.68 million of expenditures related to this program.

Docket No. 8390: Atlanta Gas Light Company's Home and Heartwarming Program. The purpose of the Home and Heartwarming Program is to "...weatherize homes and replace or repair malfunctioning or non-functioning furnaces, water-heating equipment, and when necessary for safety reasons, cook tops and ranges for qualified families." (Commission Order, May 21, 2008). In addition, the Georgia Environmental Facilities Authority, Resource Service Ministries, and the United Way were to apply the LIHEAP standard of assisting only those households whose income is below 150% of the Federal Poverty Guidelines, i.e. \$14,700 for a one-person household. Senior Connection's eligibility criterion is the same standard as the Affordable Housing Program's guideline of an income of less than \$24,900 for a one-person household.

The Commission conducted an on-site audit of AGLC's 2008-2009 Home and Heartwarming Program Year 4 on May 18, 2009. On July 15, 2009 Commission staff provided AGLC a draft copy of the draft audit report for a 10-day review/comment period. On July 27, 2009 AGLC provided several comments/edits to Staff's draft audit report. The Commission adopted the Staff's Modified Audit report on September 24, 2009. The modified audit report recommended that AGLC be required to maintain sufficient, auditable documentation for all expenses for which the partners seek HHW Program reimbursement during Program Year 5. All information should be compiled and organized in a manner which results in an auditable record.

Docket No. 8516: Atlanta Gas Light Company's Pipe Replacement Program (PRP) The Commission issued a Rule Nisi against the Company on January 6, 1998, in Docket No. 8516 alleging that AGLC had committed numerous and continuing safety violations concerning the operation of the Company's pipeline system. The majority of the allegations related to the large number of known leaks on the Company's distribution system. Staff and the Company reached a stipulated agreement to facilitate solutions to the problems listed in the Rule Nisi. The stipulated agreement permitted the Company to recover, through a monthly rider, costs incurred to replace portions of its pipeline system that were corroded or leaking. After a hearing on July 8, 1998, the Commission approved an Order adopting the PRP stipulation on September 3, 1998. At that time 2,312 miles of bare steel and cast iron pipe had been identified for replacement within the 10 years from 1998 to 2008. This mileage was revised to 2,504 miles in 2003. As part of the AGLC rate case agreement in Docket No. 18638, the PRP was extended from a 10-year program to a 15-year program, ending in 2013.

The Commission Staff conducts quarterly audits of the capital expenditures of the program to ensure accuracy and financial prudence. The program audit cycle runs from July 1st to June 30th, and during the recent audit cycle ending June 30, 2008, the Commission Staff audited over \$65.1 million in expenditures related to the PRP. The purpose of Staff's quarterly audits of the PRP program is to ensure that the capital spending, financial reporting, and the pipe replacement activities are proceeding in an

efficient and prudent manner. The Staff conducts quarterly prudence audits by selecting a sample of AGLC's total O&M expenses and capital expenditures for each reporting period. Per the Commission approved Stipulation in Docket No. 8516, "The Company must provide the Commission Staff access to its books of account and other records for verification of the pipe replacement program implementation and other Stipulation items before the Commission will hear any request for cost recovery." During fiscal year 2009, the Staff audited \$77,631,273.13 in expenditures for the PRP.

Docket No. 12509: Atmos Energy's Cast Iron and Bare Steel Retirement Program

In 2008, the Staff performed an audit of Atmos' cast iron and bare steel retirement program. The period audited was October 1, 2007 through September 30, 2008 - Year 8 of the program. The Company filed its annual report for this period on February 11, 2009. In its report, the Company proposed a surcharge of \$3.04 per Residential customer, \$9.11 per Commercial customer, and \$75.91 per Industrial customer per month to be effective October 1, 2009. During the twelve months ending September 30, 2008, Atmos incurred pipeline replacement expenses in the amount of \$6,777,186 for both the Cast Iron and Bare Steel projects and a savings of \$52,335 in O&M expenses. Over this same period the Company replaced 2.71 miles of pipe in the Gainesville service area and 20.70 miles of pipe in the Columbus service area.

In an April 12, 2001 Order, the Commission approved an accelerated pipe replacement program to replace 184 miles of cast iron pipe in Columbus over a 15-year period and 46 miles of bare steel pipe in Gainesville over a 20-year period. To date, the Company has replaced 118.40 miles of pipe in the Columbus area and 25.19 miles of pipe in the Gainesville area for a combined total of 143.59 miles replaced. In a September 5, 2009 Order, the Commission adopted the following rates to be effective October 1, 2009: residential rider \$3.04; commercial rider three times the residential rate at \$9.11 and an industrial rider twenty-five times the residential rider amount at \$75.91.

UNIVERSAL SERVICE FUND

Docket No. 15326: Amendment to Universal Service Fund Rules and Docket No. 11588: Universal Service Fund The Georgia Legislature established the USF under O.C.G.A. § 46-4-166 in 1999 and authorized the Georgia Public Service Commission to create and administer the USF. In 2002 the General Assembly approved House Bill 1568, amending the 1999 law and revising the possible uses for USF funds. In September 2002, the Commission incorporated these changes under Docket No. 15326. Now, the statutory purposes of the USF are to:

- Ensure natural gas is available to marketers for sale;
- Enable AGLC to expand its facilities in the public interest;
- Assist low-income customers in times of emergency; and,
- Allow the Regulated Provider to recover bad debt of its Group 1 customers.

The USF is currently funded by the following statutory funding sources:

- 95% of Interruptible Revenues
- Demand Supply Requirements (DSR)
- Mismatch Incentive Charge (Mismatch)
- E-Gas Surcharge (Emergency Gas)
- Capacity Release
- Off-System Sales
- Supplier Refunds
- Cash-Out
- Marketer Customer Deposits Over Two Years Old

On November 9, 2007, the Commission approved a stipulation between the Staff and AGLC concerning Sequent Asset Management funding. In section two and three, it states that the total amount contributed to the USF for a given contract year (April to March) shall be the greater of the funds resulting from sharing formula above or the following guaranteed minimums: April 2008 – March 2009 - \$3.5 million; April 2009 – March 2010 – \$4.0 million; April 2010 – March 2011 - \$4.5 million; and April 2011 – March 2012 – \$4.5 million. Section three says funds will be remitted to the USF on a quarterly basis. The deposits will consist of 25% of the minimum yearly payment plus any amounts over the minimum amount. Below is the activity for the USF during the fiscal year.

USF Account Activity: Fiscal Year 2009

USF Escrow Account Bank Statement Month	
AGLC Actual Month Statutory Funding Accrued	
Beginning USF Escrow Account Balance (Book Value):	\$38,010,432.63
400 - Funding Sources	
401 - USF Statutory Funding	
401-1 - 95% Interruptible Base	\$5,238,803.86
401-2 - DSR	\$96,270.00
401-3 - Mismatch	\$24,556.13
401-4 - Curtailment Violation	\$166,984.00
401-5 - Cash Out Adjustment	\$305,428.73
401-6 - Supplier Refunds	\$625,718.42
401-7 - Unclaimed Customer Deposits	\$150,093.20
401-8 - DSR Inc. Adj.	\$0.00
401-9 - Miscellaneous Revenue - Statutory	\$140,995.19
Total Account 401 Statutory Funding:	\$6,748,849.53
402 - Asset Management	\$12,763,052.38
403 - USF Interest Income	\$818,217.57
404 - Miscellaneous Revenue - Non Statutory	\$0.00

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405 - USF Discount Income	\$0.00
406 - Matured Bonds Par Value	\$0.00
Total Non-Statutory Funding:	\$13,603,443.84
Total USF Account 400 Funding:	\$20,352,293.37
500 - Expenditures	
501 - USF Line-Extensions	\$7,661,453.00
502 - Bank Fees	\$60,810.21
503 - DHR/LIHEAP	\$0.00
504 - Commission Credits	\$0.00
505 - Regulated Provider	\$2,051,536.68
506 - Miscellaneous	\$75,608.84
507 - Mature Bond Par Val Paid	\$72,004.52
508 - Paid Bond Accrued Interest	\$32,243.98
Total USF Account 500 Expenditures:	\$9,953,657.23
Monthly/Annual Fund Position:	\$10,398,636.14
Ending USF Escrow Account Balance (Book Value):	\$48,409,068.77

Less: Encumbrances:	
Line Extension Applications Awaiting Disbursement:	\$23,032,735.00
Regulated Provider Requests Reviewed:	\$0.00
USF Disbursements to DHR for LIHEAP:	\$0.00
PSC Approved Credits to Ratepayers:	\$0.00
Total Encumbrances:	\$23,032,735.00
Unencumbered Balance:	\$25,376,333.77

The USF began the fiscal year with a balance of \$38 million. In the fiscal year ending June 30, 2009, the USF had a total funding of \$20.3 million and expenditures totaled \$9.9 million for a net positive position of \$10.3 million. The ending balance of the USF was \$48.4 million, and the Fund had encumbrances of \$23 million. The unencumbered balance of the USF totaled \$25.3 million.

USF STRATEGIC CORRIDORS PLAN

On September 2, 2008, Atlanta Gas Light Company (AGLC) filed its 2009 Universal Service Fund (USF) Annual Facilities Expansion Plan to request funding for line extensions into strategic corridors. The annual plan uses a combination of stakeholder surveys, AGLC representatives, and population growth projections to project where strategic population growth will occur. Based on the projected growth, AGLC determines where the most favorable strategic growth corridors in which to build natural gas pipeline facilities. The Commission approved AGLC's proposed plan on February 25,

2009 allowing the full use of USF funds up to the Company's five per cent budgetary cap.

CITY OF MONROE

On May 13, 2009, the Commission adopted a settlement between AGLC and Monroe to resolve a three year legal dispute stemming from the Commission's 2006 Order in Docket No. 22850 to the City of Monroe to extend its natural gas pipelines and distribution facilities into certain areas of Oconee County. The main components of the settlement involve: (1) Monroe dismissing its appeal with prejudice, (2) Monroe withdrawing from Oconee County and selling its facilities to AGLC and (3) the Commission amending its prior order to withdraw the \$100,000 penalty it previously imposed on the City. The Commission modified the filed settlement to allow 90 days for customer transfer, as opposed to the proposed 60 days. The City of Monroe's customers were transferred to AGLC on September 1, 2009.

In early 2007 the City of Monroe filed a Request for Reconsideration of the Commission's decision. In March 2007, the Commission denied the City's request, initiating the 90-day transition period for the transfer of certain City of Monroe customers to AGLC. In April 2007, the City filed an appeal at the Superior Court of Fulton County. On August 27, 2008, the Superior Court ruled in favor of the Commission Order, which restarted the 90-day timeline for the customer transition. However, on October 27, 2008, the Commission issued an Order staying the customer transition and penalty section of the Monroe order. The Commission stayed its Order in this case because the City of Monroe further appealed the Superior Court's decision to the Georgia Court of Appeals.

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

In previous years, the Commission Staff issued data requests to municipal gas providers located within the state of Georgia to determine the extent of their natural gas systems, the structure of city government overseeing such facilities, customer information and rate information. From this data, Staff determined which cities are currently serving customers outside of their home counties without a certificate of public convenience and necessity. Staff issued additional data requests to the municipals and informed them of their requirement to file for the appropriate certification pursuant to Commission Rules. By the close of 2008, Commission had granted eight certificates of Public Convenience and Necessity, the remaining two were granted early this year.

Natural Gas Staff is working in conjunction with the Pipeline Safety Staff on the County Wide Natural Gas Safety Plans (Commission Rule 515-9-7-.01). The rule establishes that natural gas providers within each county develop a County Wide Safety Plan (CWSP) delineating procedures for safety and emergency response to natural gas emergencies.

There are 62 separate CWSP filings which were filed in 3 phases during 2009. The initial Phase I filing date was March 18, 2009 and subsequently re-filed on August 2,

2009. The Phase I filing consisted of 21 CWSP and 32 Applications for Certificate of Public Necessity and Convenience amendments. Phase II was filed on September 15, 2009, and consisted of 23 CWSP and 26 Applications for Certificate of Public Necessity and Convenience amendments. Phase III CWSP were filed on November 2, 2009, and consisted of 18 CWSP; 13 Applications for Certificate of Public Necessity and Convenience amendments were filed on November 2, 2009; the corresponding 15 Certificate applications were filed on November 12, 2009. The CWSP and Certificate Applications are currently under review by Staff.

As of the end of 2009 the Commission has held one hearing on these plans – Troup County. On December 2, 2009 the Commission's Hearing Officer heard the Troup County case for approval of its CWSP and Certificate Application. The Commission will rule on this case in early 2010. The remaining applications in all three phases are under review and may be subject to hearing for resolution.

ATMOS ENERGY CORPORATION'S GAS SUPPLY PLAN

On September 24, 2009, the Commission issued an Order for Atmos Energy's 2009-2010 Gas Supply Plan in Docket No. 29554. The plan approves the interstate, storage and peaking assets needed to meet the company's forecasted peak for its Gainesville and Columbus service areas where Atmos Energy serves approximately 64,000 customers. Significant issues in the 2009-2010 Gas Supply Plan included the methodology used to forecast peak day design, the appropriate capacity reserve margin and the associated turn back of capacity, as well as operational issues related to the Company's Liquefied Natural Gas facility. This gas supply plan is in effect until September 30, 2010, and the Company is required to file its 2010-2011 Plan by July 1, 2010.

ATMOS ENERGY CORPORATION 2009-2010 RATE CASE

On October 1, 2009 Atmos Energy filed its 2009-2010 rate case in Docket No. 30442. The Commission will hold hearings for Atmos' Direct case beginning on January 12, 2010. The Public Interest Advocacy Staff will file testimony on February 2, 2010, with hearings beginning on February 18, 2010. Atmos will file Rebuttal Testimony on March 1, 2010, and the hearing for this phase will be held on March 10, 2010. Briefs and Proposed Orders are due on March 18, 2010. The Commission will issue its decision on March 29, 2010.

MARKETER TRUE-UP PROCEDURES

As a result of the October 2008 Catalyst Natural Gas bankruptcy, the Commission ordered the Staff, AGLC and all marketers to meet to discuss potential solutions to the marketer true-up process. The marketer true-up process balances the amount of gas brought into the distribution system with the amount of gas used by marketers' customers. AGLC is responsible for trueing-up any differences and allocating the costs (or credits) to the marketers. The current method has evolved over the years since

deregulation began. At the time of Catalyst's bankruptcy, Catalyst owed over \$5 million to the system. In October 2008, AGLC and several marketers filed consensus recommendations regarding different solutions for the true-up process. In December 2008, the Commission held hearings on the proposed changes and issued an Order on Marketer True-up Process Modifications on December 16, 2008.

On March 10, 2009, the Commission issued an order that approved recovery in the amount of 60 percent of the Catalyst shortfall. The source of the payment was funds diverted from the USF. On March 20, 2009, MxEnergy and Fireside Natural Gas jointly petitioned for reconsideration requesting that the Commission compensate the marketers for the entire amount that they were owed by Catalyst. On May 1, 2009, the Commission denied the motion. On June 1, 2009, MxEnergy petitioned the Superior Court for Judicial Review of this PSC's decision. This case will be heard in early 2010.

AGLC'S HOME AND HEARTWARMING PROGRAM

As part of the Commission's June 17, 2005 Order on Reconsideration in the AGLC 2005 rate case, the company received approval to implement a five year Home and Heart Warming Program with an annual budget of \$1 million. The Reconsideration Order also requires Commission review and approval of the program.

For the 2008-2009 program year ending April 30, 2009, 456 homes were weatherized and \$1,050,889 was spent. There was \$1,473 in remaining funds that carried over to the 2008-2009 program year. For the program year starting May 1, 2009 and ending April 30, 2010, the Commission approved new allocation amounts for the program: Georgia Environmental Facilities Agency: \$500,000; RSM: \$200,000; SCI: \$200,000; and United Way: \$100,000. The Commission also authorized funding for administrative expenses of five percent of the total amount allocated to all of the partners. The Commission approved new reporting and record keeping requirements that AGLC must follow. As of the end of October 2009, 23 homes were weatherized and \$12,081 was spent.

AGLC'S SUSTAINABLE ENVIRONMENTAL ECONOMIC DEVELOPMENT PROGRAM

The Commission on March 3, 2009 unanimously approved an innovative program that in Docket Number 28871 that will allow AGLC to attract new business to Georgia while at the same protecting the environment. Known as "Georgia Sustainable Environmental Economic Development" program or SEED, the program allows AGLC to contract with business customers to help finance new line extensions, new natural gas equipment and equipment installations.

The Commission and AGLC will work together to determine how SEED should be designed to best meet the needs of Georgia business. Georgia SEED is a five year experimental program that allows AGLC to invest in capital projects and is available to

customers who can show significant economic and environmental benefits for the state. Customers will have little or no upfront costs and can pay back the costs over the life of the project.

Georgia SEED will allow for three potential avenues for contracts: providing customers with the benefit of a new utility service extension to new plant sites; offering financing for the purchase and installation of new higher efficiency gas equipment; and discounted utility rates to help lower overall energy costs.

AGLC'S STRATEGIC INFRASTRUCTURE DEVELOPMENT AND ENHANCEMENT PROGRAM

The Commission on October 6, 2009 approved AGLC's Strategic Infrastructure Development and Enhancement Program, known as "STRIDE" in Docket Number 29950. The Company says it will implement the new program to ensure that the Company's natural gas distribution system will be able to handle increased load growth and improve the system's reliability.

The Commission decision means residential, commercial and industrial customers will pay an additional \$0.39 as part of the monthly AGLC base charge on their natural gas bill beginning October 1, 2009. Rates will increase by an additional \$0.39 on October 1, 2010 and another \$0.40 on October 1, 2011. The Company's original proposal would have increased bills by \$0.95 a month.

The Commission held a hearing in this docket on September 16, 2009 following the Company's filing on June 15, 2009.

Here are some facts related to the Commission's decision:

- The new STRIDE program would allow AGLC to invest approximately \$400 million over the next ten years in infrastructure improvements. Those improvements could include upgrading the utility's distribution system and liquefied natural gas (LNG) facilities to improve system reliability and create a platform to meet forecasted growth.
- AGLC will be required to file quarterly progress reports. Every three years the Company must file a copy of its STRIDE plan for the next three years for Commission review and approval.
- STRIDE would merge into the existing AGLC Pipeline Replacement Program (PRP) that began in 1998.

The Commission Staff will conduct quarterly financial and prudence of implementation audits of the STRIDE program.

COMMISSION APPROVES WEST GEORGIA PIPELINE FOR KIA MOTOR COMPANY PLANT

The Commission on February 27, 2009 approved a 12.5 mile long steel natural gas pipeline in West Georgia that will deliver over 14,000 million cubic feet daily of natural gas to the Kia Motor Company automobile manufacturing plant now under construction

in Troup County. The plant is scheduled to open in the fall of 2009. The Commission action will ensure that the plant has an adequate supply of natural gas for its operations. The Commission approved the request by the City of LaGrange in Docket Number 28727 to construct the pipeline through Coweta County in order to connect LaGrange's existing pipeline to the Transcontinental Gas Pipeline (Transco) in order to provide natural gas service to the Kia plant. The pipeline would run from the Grantville meter station to the Transco pipeline in Coweta County.

The Commission decision requires that the City of LaGrange must submit construction and economic feasibility information within 30 days of a signed final Commission order. All parties in this docket must also file a mutually agreed upon Countywide Safety Plan for Coweta County within 30 days of the order.

The 2.4 million square foot Kia Motor Manufacturing Plant will employ more than 2,500 workers and will produce an estimated 300,000 vehicles a year.

Telecommunications

The telecommunications industry is indispensable to the economy of the state. Georgia's Telecommunications and Competition Development Act of 1995 and the Federal Telecommunications Act of 1996 have had a great impact on the Commission's role in this vital industry. The primary goal of these statutes was to replace traditional regulated monopoly service with a competitive market. For some competitive segments of the industry the Commission does not set rates, but facilitates market development, certifies providers, arbitrates interconnection agreements, and resolves complaints among competitors. Under the Competitive Emerging Communications Technologies Act of 2006, the PSC cannot impose any requirement or regulate the rates, terms or conditions for broadband service, wireless service or VoIP (Voice over Internet Protocol).

SIGNIFICANT DEVELOPMENTS IN THE TELECOMMUNICATIONS INDUSTRY IN 2009

In 2009 the Commission approved 30 interconnection agreements, certificated 16 long-distance resellers, one (1) alternative operator service provider, 24 competitive local exchange providers, 5 inter-exchange service providers and one (1) payphone service provider. The total number of active certificates in 2009 was 366 resellers, 80 alternative operator service providers, 258 competitive local exchange providers, 100 interexchange service providers, 410 payphone service providers, and over 30 incumbent local exchange service providers.

ELIGIBLE TELECOMMUNICATIONS CARRIERS (ETC)

The Commission continues to monitor the activities of four competitive ETCs it had previously approved in Georgia. The ETCs, upon certification by the Commission, are eligible to receive Federal support for serving high-cost, generally rural, areas, as well as support for qualifying low-income customers. These ETCs will provide greater consumer choice in rural areas and consistent with the Federal Communications Commission's goals, expand participation in the Lifeline and Link-Up programs. As a condition of certification, the Commission reserved the right to resolve complaints and requires detailed quarterly and annual filings from each ETC describing how the Federal funds are being spent.

TELECOMMUNICATIONS RELAY SERVICE (TRS)

Hamilton Telecommunications has been the Georgia TRS provider since April 2006. Headquartered in Nebraska, Hamilton currently provides relay service in 12 states. Georgia Relay operates a call center in Albany, Georgia seven days a week, twenty-four hours a day, employing over 50 communications assistants.

Captioned Telephone Service (CapTel®) in Georgia was implemented in January 2008. An enhanced form of Relay service, CapTel® allows individuals with hearing loss to view word-for-word captions of their telephone conversations. Over 400 subscribers now use the system, averaging approximately 7,000 calls a month by year's end. For 2009, the Relay Center in Albany processed an average of almost 45,000 relay calls per month. The cost was \$1,060,741. CapTel® averages about 20,000 calls per month. The cost was \$807,857

TELECOMMUNICATIONS EQUIPMENT DISTRIBUTION PROGRAM (TEDP)

The Commission established the Georgia TEDP in March 2003 in accordance with the provisions of House Bill 1003. This program provides specialized telecommunications equipment to Georgians who, because of physical impairments (particularly hearing and speech), cannot otherwise communicate over the telephone. Receipt of free equipment under this program is subject to medical and financial eligibility requirements. To date, approximately 3,700 equipment items, which includes approximately 125 CapTel® phones, have been distributed to almost 2,600 hearing or speech-impaired applicants. The Commission contracts with the Georgia Council for the Hearing Impaired to be the distribution agency for the Georgia TEDP. The cost for 2009 was \$786,839.

AUDIBLE UNIVERSAL INFORMATION ACCESS SERVICE (AUIAS)

In 2006 the passage of House Bill 660 created a state-wide AUIAS to provide blind and print disabled citizens of Georgia with telephonic access to print media publications. The PSC was made responsible for oversight of the service, including establishment, implementation and promotion. Following a competitive bidding process, the Commission selected the National Federation of the Blind to administer the service. Since June 2006, the AUIAS has provided continuous audible universal access to all Georgia telephone exchanges, 24 hours a day, 7 days a week and 52 weeks a year. The system is accessible by way of a toll-free or local number anywhere in the state and has the capacity to serve an unlimited number of subscribers. Currently there are over 1,450. The total number of Georgia citizens that could potentially benefit from this service exceeds 25,000, as demonstrated by the number of current subscribers to the Georgia Library for Accessible Services. The cost of this service in 2009 was \$193,099.

HEARING AID DISTRIBUTION PROGRAM

In August 2007, the Commission approved a program to implement the provisions of House Bill 655 for the distribution of hearing aids to lower income Georgians. The Commission contracted with the Georgia Lions Lighthouse Foundation, a nonprofit organization that has provided hearing aids to low-income Georgians for over 30 years. Under the contract the Foundation will receive \$504,000 each year for this program. The Foundation currently partners with two hearing aid manufacturers and maintains a network of over 75 audiologists throughout the state. Initiated in November 2007, to date the program has distributed 3,128 hearing aids to 1,688 applicants.

CAPTEL SERVICE

Georgia Telecommunications Relay Service currently includes CapTel® (captioned telephone) service. On August 21, 2007, the PSC Commissioners approved the implementation of CapTel® service beginning January 1, 2008. The estimated cost of this service for the first year of operation is \$372,000 plus \$68,000 for equipment for low-income CapTel® users, distributed through Georgia's Telecommunications Equipment Distribution Program (TEDP). During the next five years, as demand for the service grows, the cost of this program is expected to increase by \$500,000 per year. The cost of the CapTel® for 2009 was \$807,857.

UNIVERSAL ACCESS FUND (UAF)

On December 1, 2008, 15 Tier II Independent Local Exchange Carriers (ILEC) filed requests for an annual cap-adjusted aggregate disbursement (totaling \$10,129,263) for the 14th UAF year covering the period July 1, 2009 through June 30, 2010 under the *de minimus* process. After an audit was performed by Henderson Ridge Consulting, Inc., Victor Hurlbert, CPA, and Koda Consulting, Inc., the Commission adopted the following for the 15th UAF year (except where indicated):

- (1) All future expenses incurred for each of the goods and/or services obtained from affiliates, that in the aggregate exceed \$50,000 annually, should be documented with analyses comparing cost to market data;
- (2) All revenues received for goods and/or services provided to Affiliates should be documented with analyses comparing revenues to what would be charged in the third party market for those goods and/or services that are not tariffed, to ensure that the Company is receiving the higher of cost or market benefit;
- (3) Due to the current state of the financial markets, it is recommended that a formal cost of capital analysis be undertaken by the Commission's preferred cost of capital consultant in the context of the 16th UAF Year Reactive Audit to develop the appropriate cost of equity for UAF applicants, as well as recommend the appropriate debt and equity ratios to include in the capital structure for the purpose of calculating future UAF disbursements; and
- (4) The underlying data from any Cost Allocation Manual Study should be no older than two years outside of the applicable test year.

The Commission approved the disbursements for all applicants for the 14th UAF year of \$9,307,135, with the aggregate annual cap amount remaining at \$11,000,000.

COMMISSION APPROVES 3-1-1 SERVICES

The Commission on August 18, 2009 approved the assignment of the telephone dialing code prefix 3-1-1 to Albany and Dougherty County to provide non-emergency government services in Docket Number 29611. This is the seventh Commission approved 3-1-1 number assignment to local governments to allow them to provide non-emergency government services to their communities. The other local governments already assigned 3-1-1 are Cobb County, Dawson County, Consolidated Columbus Government, DeKalb County, City of Savannah and Columbia County.

Consumer Affairs

The Consumer Affairs Unit is the primary entry point for consumers wishing to make their interests and issues known to the Commission in the form of complaints, inquiries, or opinions, collectively referred to as “contacts.” Consumers file contacts in person or via telephone, fax, regular mail, email and Internet.

Consumer Affairs Staff regularly interact with representatives from the utility industries to resolve consumer complaints, discuss complaint trends and possible courses of action to address problematic trends, and ensure mutual understanding of respective business processes and policies.

Having direct involvement with both the general public and industry representatives gives the Consumer Affairs Unit a unique perspective that makes it a source of valuable information for other work groups within the Commission.

In addition to complaint resolution, the Consumer Affairs Unit is responsible for the enforcement of Commission rules and related state laws, consumer education, and community outreach.

INBOUND CONTACTS

Consumers continue to prefer contacting the Commission by telephone over any other contact method. The Commission received 22,209 telephone calls through its Automated Call Distributor (ACD) in 2009. This represents a 22.2% decrease in inbound phone calls over 2008 but telephone calls still comprised 86% of all inbound contact methods in 2009 the same percentage as 2008.

Email continues to be a favorable method of contacting the Commission in 2009, as 12% of total inbound contacts, the same percentage as recorded in 2008.

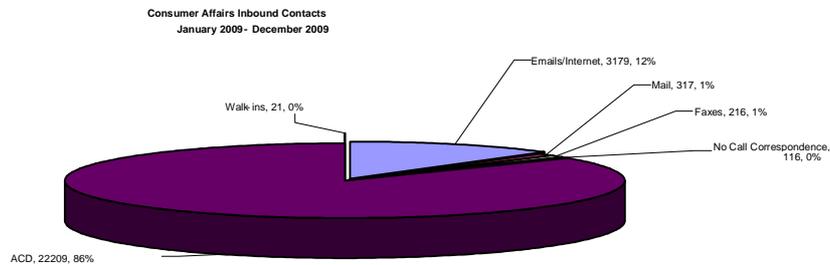
Regular mail and faxes are also still popular methods for communicating with the Commission. Paper correspondence (letters and faxes) comprised 2% of inbound contacts in 2009, the same percentage as reported in 2008.

In all, Consumer Affairs representatives received 26,058 inquiries, complaints, and opinions from the general public in 2009, a decrease of 16.5% from the year 2008 which was 31,209.

Many factors may have contributed to the reduced number of contacts to the Commission in 2009. In 2009 the Commission did not address any significant issues that normally would have driven call volumes. For example, there were no rate cases decided in 2009 for the major investor owned utilities operating under the Commission’s jurisdiction. In addition, Georgia experienced milder heating and cooling seasons in

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2009 reducing the number of customers contacting the Commission to discuss high bills.



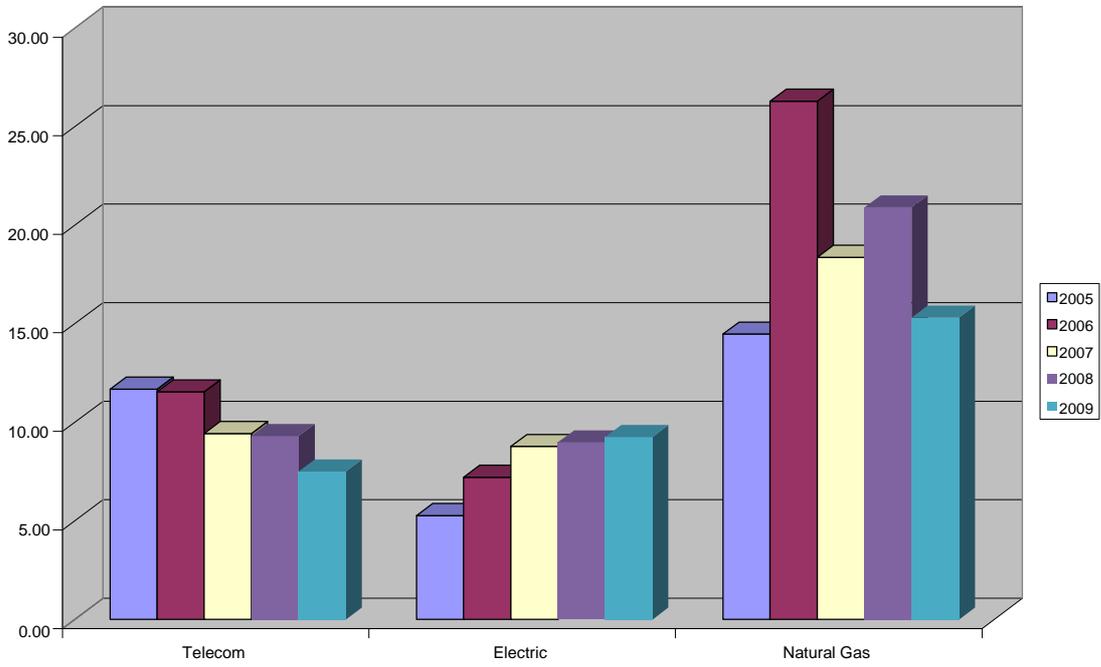
Contacts requiring referral or follow-up are recorded in the Consumer Response System (CRS) database. Of the 26,058 inbound contacts handled, 28 percent (28%), or 7,344, were entered into CRS.

In 2009, telecommunications issues comprised the majority of the contacts requiring follow-up at forty-three percent (43%), followed by natural gas issues with thirty percent (30%), and electric with twenty-five percent (25%). Non-jurisdictional matters and opinions, captured in the categories labeled “Other,” “Unclassified” and “Cable,” comprised two percent (2%) in 2009.

Telecommunications contacts decreased from 3,726 in 2008 to 3,187 in 2009. Natural gas contacts decreased from 3,136 in 2008 to 2,248 in 2009. Electric contacts have continued a steady increase since 2005, from 1,052 to 1,852 in 2009. Electric contacts increased by three percent (3%) in 2009 over 2008.

When viewed from a per capita perspective (contacts per 10,000 customers) natural gas contacts continue to outpace both electric and telecommunications contacts. On this relative basis, almost twice as many natural gas consumers contacted the Commission in 2009 (15 contacts per 10,000 customers) as electric (9 contacts per 10,000 customers) and telecommunications customers (8 contacts per 10,000). The per capita calculation was based on an estimated 2 million electric customers, 1.5 million natural gas customers and 4 million telecommunications customers.

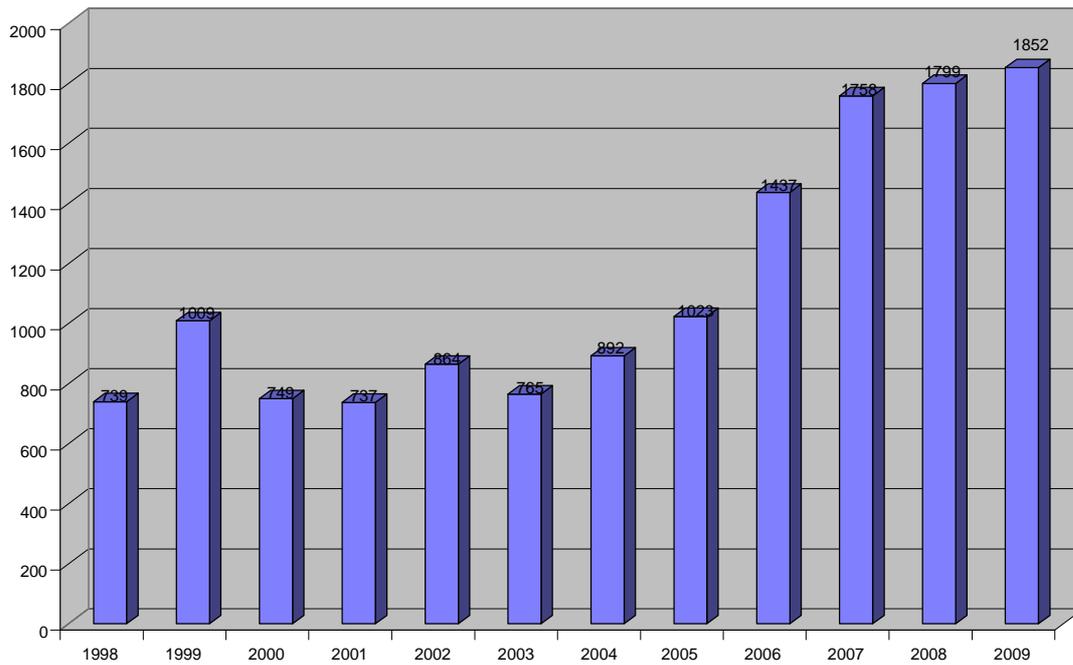
Contacts per 10,000 Customers



ELECTRIC CONSUMER ISSUES

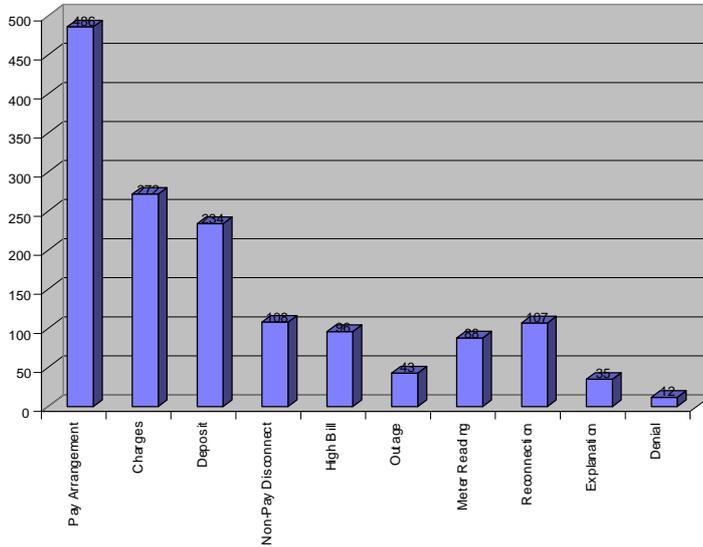
The total number of electric contacts continued its upward trend in 2009 and was the only industry to show an increase in contacts.

Electric Contacts



Payment Arrangements, Charges, and Deposits continue to be the top three concerns of electric customers. The number of contacts concerning Deposits increased from 190 in 2008 to 234 in 2009.

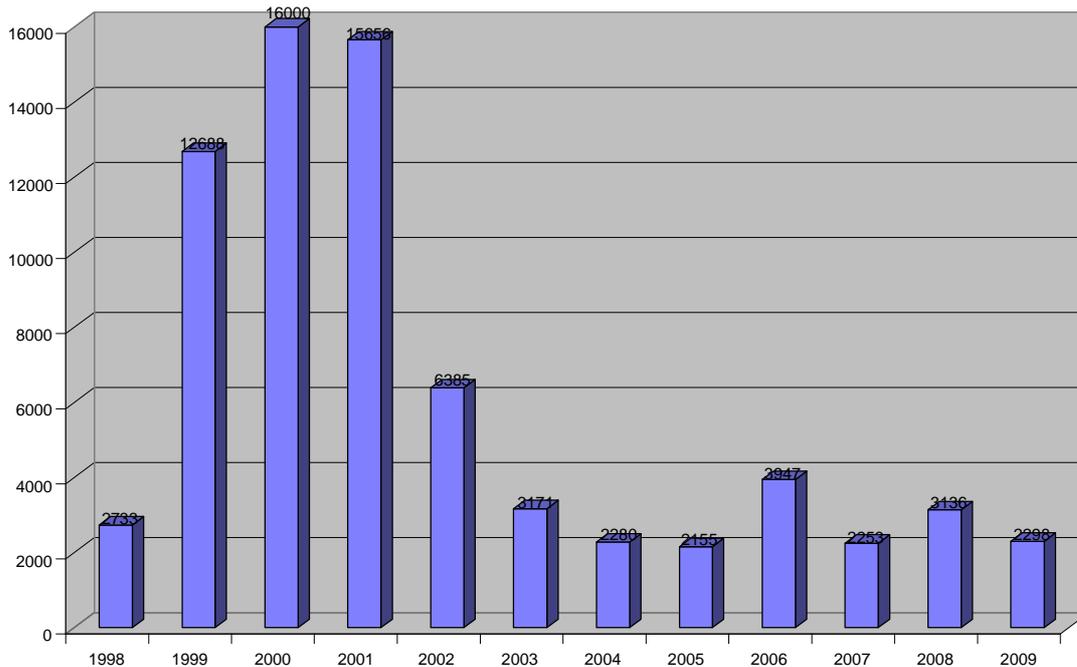
Top 10 Electric Issues



NATURAL GAS CONSUMER ISSUES

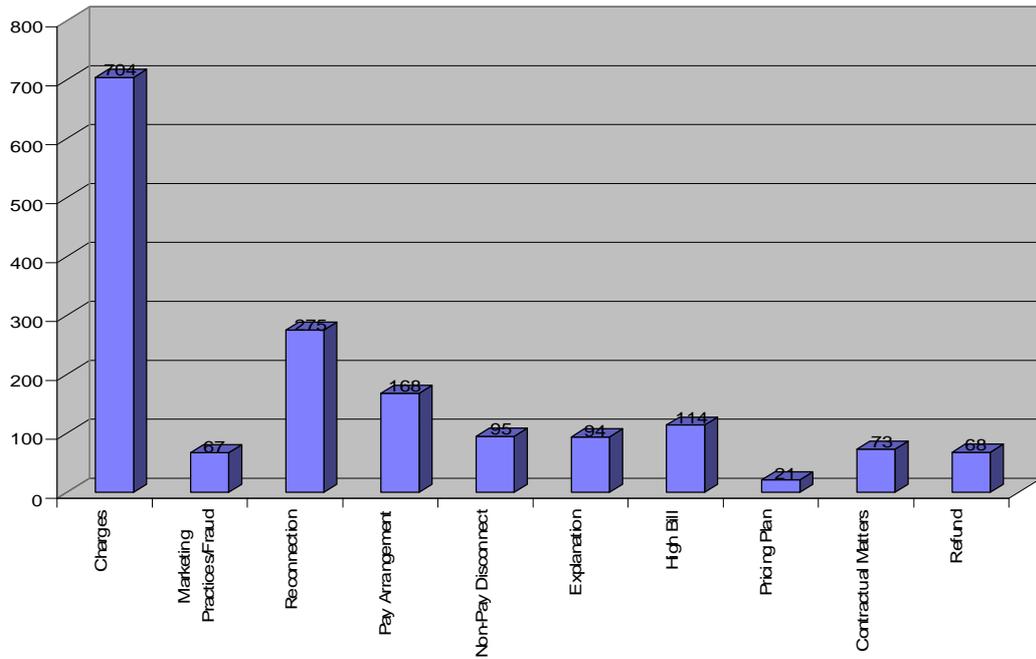
Natural gas contacts decreased from 2008's 3,136 contacts to 2,290 contacts, a twenty-seven percent (27%) decrease after showing an increase of 39% between 2007 and 2008.

Natural Gas Contacts



Charges, reconnection and payment arrangements were the major natural gas issues in 2009.

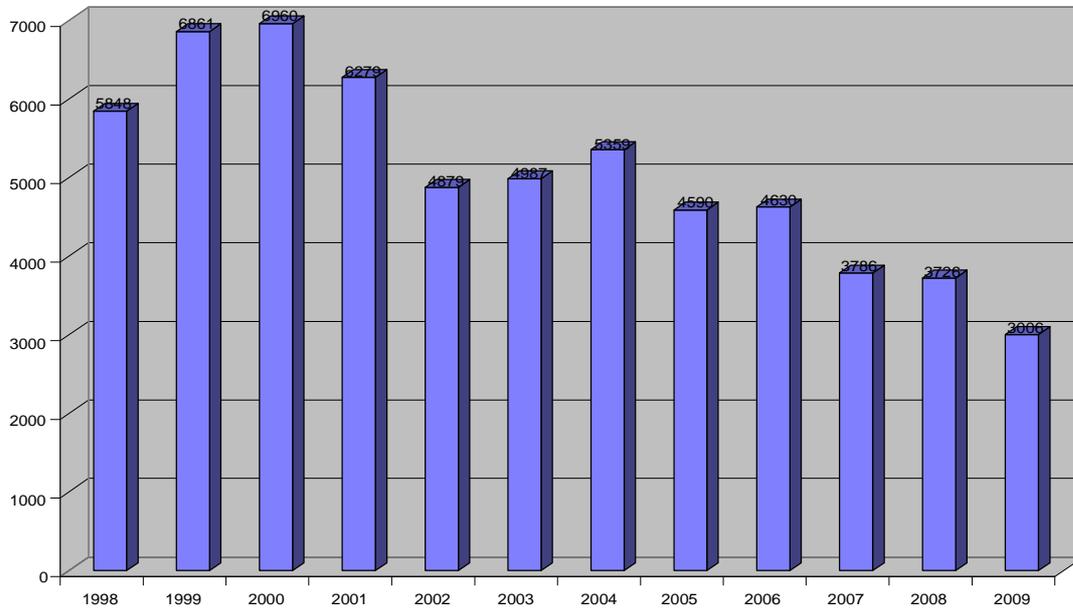
Natural Gas Top 10 Issues



TELECOMMUNICATIONS CONSUMER ISSUES

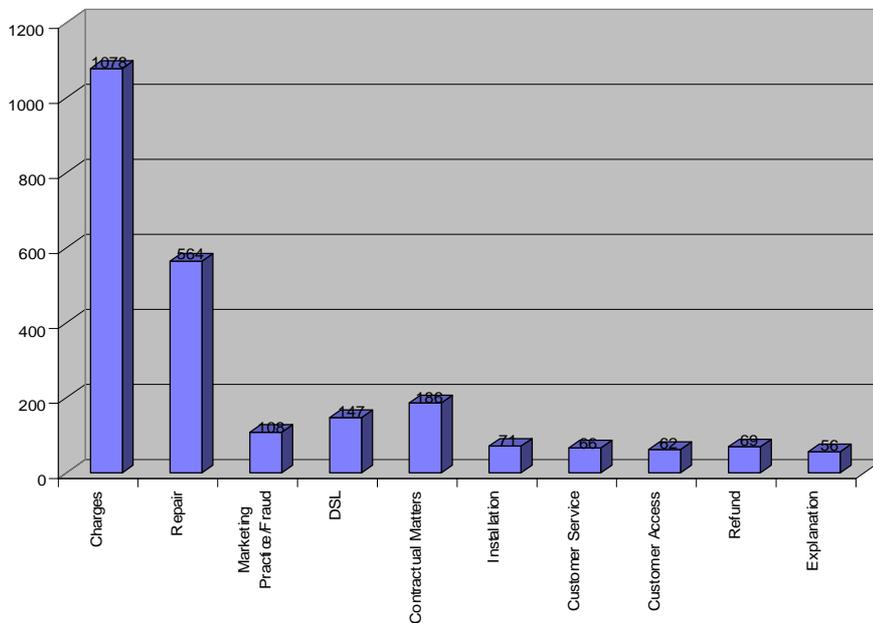
The overall trend of telecommunications contacts continued downward in 2009, dropping to 3,006, the lowest level in 10 years.

Telecom Contacts



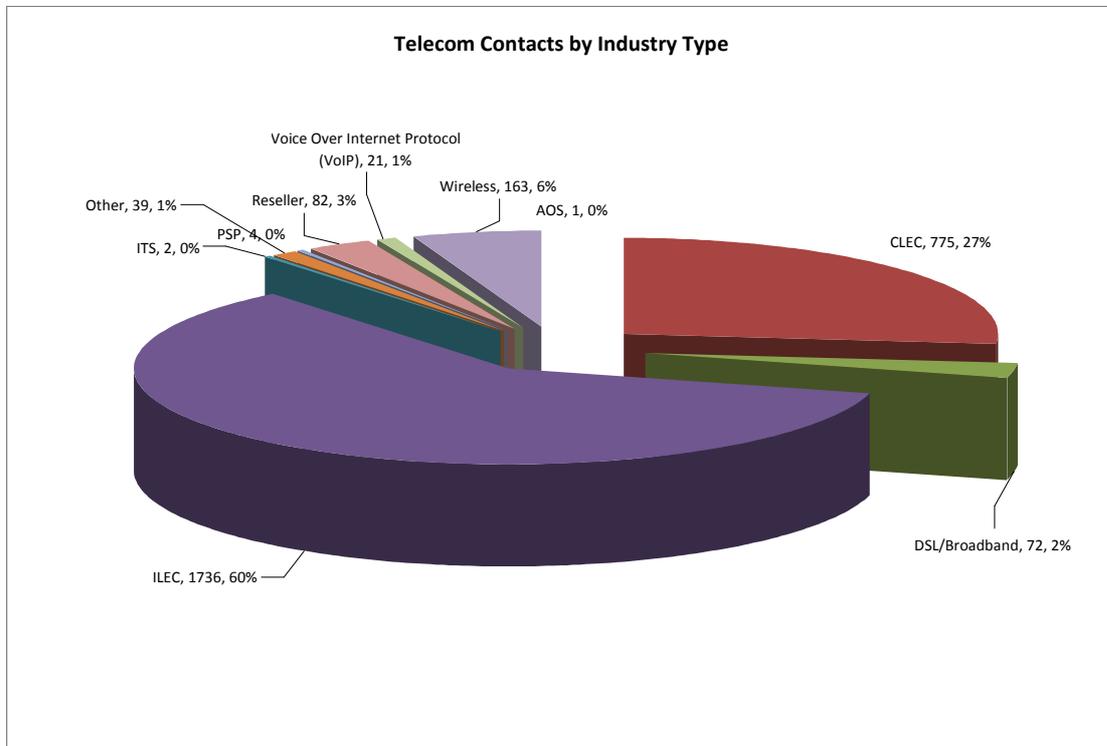
Charges, repairs and contractual matters were the top three categories, accounting for over half of all complaints.

Telecom Top 10 Issues



As in 2008, almost 9 out of every 10 telecommunications contacts related to local or long distance service. Wireless contacts increased from four percent (4%) in 2008 to six percent (6%) in 2009. (VoIP), first seen in 2005, continued to decrease in total

contacts in 2009 by fifty-five percent (55%) from 2008, with 21 contacts in 2008 versus 47 in 2007.



COMMUNITY OUTREACH

The Commission was unable to achieve the level of participation in community outreach activities as in past years due to budget considerations. The Commission staff was able to attend some local events and provided informational materials to groups involved in utility related activities. The Commission continued its efforts in increasing public awareness of the Lifeline/Link-up Program, a federally funded program that subsidizes the cost of telephone service for low-income consumers. As of June 2009 the total number of Georgia consumers enrolled in the program was 116,728, a fifteen percent (15%) increase from June 2008.

Facilities Protection

FACILITIES PROTECTION UNIT PIPELINE SAFETY AND GUFPA

PIPELINE SAFETY CHALLENGES AND RESPONSIBILITIES IN 2009

The Facilities Protection Unit of the Georgia Public Service Commission is composed of two sections: Pipeline Safety enforcement and Georgia Utility Facility Prevention section for buried utilities. The pipeline safety function is carried out under agreement with the Pipeline and Hazards Materials Safety Administration (PHMSA) of the U.S. Department of Transportation. The Pipeline Safety Group is responsible for enforcement of federal regulations regarding the safe installation and operation of natural gas pipelines. 2009 was the 41st year of this relationship between PHMSA and the Georgia Public Service Commission. The Commission assumed responsibility for damage prevention efforts in 2000 due to the passage of the Georgia Utility Facility Protection Act (GUFPA). The goals of the Act are to prevent injury to Georgia citizens and to prevent damage to buried utilities by providing a method whereby those seeking to perform mechanized excavation activities in the state might communicate with those who have buried facilities in the proposed area of excavation so that those facilities might be identified and thereby avoid damage.

During 2009 the Pipeline Safety Group monitored and inspected over 78,159 miles of distribution mains, service lines and transmission pipelines transporting natural gas to over 2 million Georgia customers. With eight qualified inspectors, each inspector is responsible for approximately 9,769 miles of natural gas pipeline along with 250,000 customers. The inspectors evaluated operator compliance with the Pipeline Safety Regulations during 1,029 inspections, expending 1,560 inspection days. These inspections addressed Operator Qualification, Integrity Management, comprehensive, specialized and construction inspections, along with accident investigations and follow-up inspections that monitor operators for violations of the law.

PIPELINE SAFETY ENFORCEMENT

The Commission's Pipeline Safety Group continues to implement requirements of the Pipeline Inspection, Protection, Enforcement, and Safety Act (PIPES Act) of 2006. The PIPES Act was designed to improve safety and strengthen federal and state pipeline safety programs; therefore, implementing the new law was a priority for the Commission. The Commission's Pipeline Safety Group is responsible for enforcing regulations contained in Parts 191, 192, 193, 199 and Part 40 of the Code of Federal Regulations, as well as applicable state regulations. The Commission also has the additional authority to adopt additional regulations as required under the Pipeline Safety Act.

In 2009 the Commission's Pipeline Safety Group began monitoring every gas operator's compliance as they began the training and qualification of their employees. In 2010 the Commission's Pipeline Safety Staff will begin to provide training for the Operators to enhance the qualification process further.

The Commission in 2009 implemented requirements for a Countywide Safety Plan by natural gas system operators in order to ensure natural gas operators were aware of safety factors when installing natural gas lines in close proximity to other natural gas lines. First responders and operators could become confused in situations where pipelines ran parallel or crossed. In addition when responding to a gas emergency, first emergency responders often did not know which pipe may be leaking or which gas company was to respond to the incident. To resolve the issue, the Commission implemented a rule that requires all Operators having a natural gas Distribution System Pipeline Facility within any county where more than one Operator provides natural gas distribution service to jointly file with the Commission a proposed Natural Gas Safety Plan for the county. The Commission developed this rule to enhance communication and safety among all the natural gas operators in the county.

Total Inspections for Calendar Year 2009

Inspection Type	Number of Inspections	Inspection Days	Units Inspected
199	38	43.00	53
Accident	9	26.00	33
Comprehensive	73	257.00	150
Construction	69	86.00	172
Follow Up	187	209.00	252
GUFPA	4	4.00	9
IMP(Integrity Mgt. Inspection)	6	6.00	27
LNG	2	3.00	2
Operator Qualification	1	1.00	5
Operator Qualification Follow Up	45	43.00	46
Propane	24	20.00	31
Special Project	106	193.40	54
Specialized	370	454.00	533
Training	95	215.50	50
TOTAL	1029	1,560.90	1417

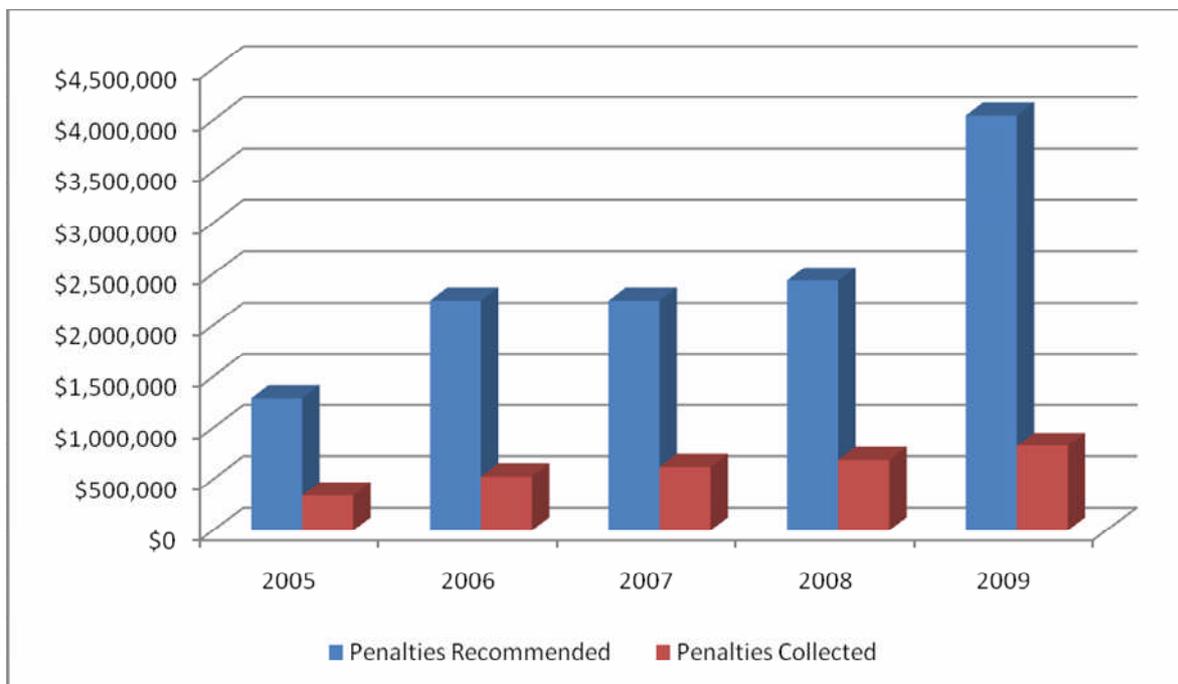
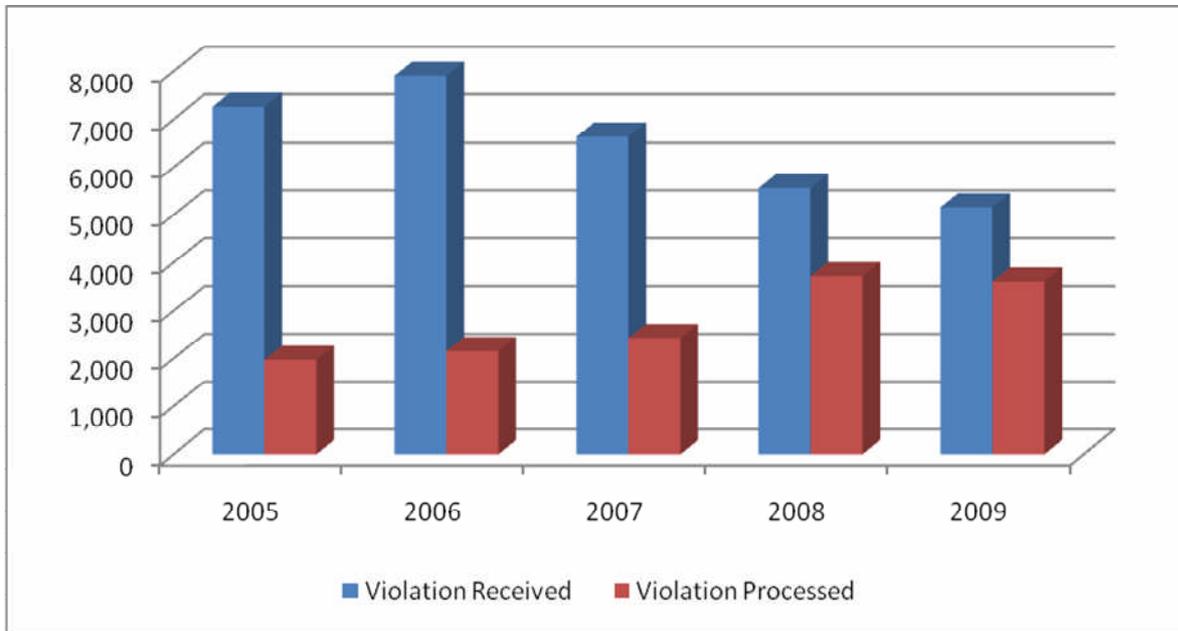
GEORGIA UTILITY FACILITY PROTECTION ACT (GUFPA) ENFORCEMENT

The damage prevention efforts of the Commission are derived from its authority to enforce the Georgia Utility Facility Protection Act (O.C.G.A. 25-9). Fiscal Year 2009 proved to be a challenging year for the Commission in carrying out those responsibilities. The Commission suffered the loss of one of its most experienced GUFPA investigators due to an untimely medical retirement. Fortunately, the Commission had applied for and received in 2009 a One Call Grant, awarded by PHMSA, for strengthening administrative support of the investigative efforts. This grant enabled staff to rearrange responsibilities and ensured there was no loss of investigative capabilities. The economic situation facing the state prevented the Commission from hiring personnel to fill the vacant investigative position.

Education continued in 2009 to be an effective enforcement tool in addressing violations of the GUFPA with 2,925 people attending 371 training sessions in lieu of paying all or a portion of assessed civil penalties. In Fiscal Year 2009 the Commission collected and forwarded to the General Fund \$824,778.37 from an assessed total of \$4,045,100.00. Stokes, Lazarus & Carmichael collected \$32,341.18 in penalties of which a total of \$21,779.55 was sent to the General Fund after deducting collection expenses. Without the efforts of Stokes, Lazarus & Carmichael, these assessed penalties would have been uncollected.

The Commission continued its strong damage prevention efforts in FY 2009 by addressing different groups around the state including locators, excavators and facility owner/operators in 21 public presentations representing some 1,760 attendees on different facets of the GUFPA. The Commission's participation in those presentations continued to strengthen the Commission's relationship with different groups across the state dedicated to damage prevention such as the Georgia Utility Contractor's Association, Plumbing Mechanical Association, Georgia Onsite Wastewater Association and the Georgia Utility Coordinating Council.

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FY 2009 again witnessed a reduction in reported violations of the GUFPA. The reduction in reported damages was likely a result of the continued decline in the residential building sector of the economy, a reduction in commercial building as well as

the increased enforcement capabilities of GUFPA staff. In FY 2009, Commission Staff completed 3,610 investigations, a decrease of 118 cases investigated over 2008, a result of the personnel challenges faced during the year. While the number of investigated cases dropped, so did the number of reported violations. FY 2009 saw 5164 total violations reported to the Commission. a reduction of 400 reports from 2008.

With the implementation of the EDEN ticket management system at the Utilities Protection Center, the Commission began enforcement of the Large Project Rule on May 1, 2009. The process has proved beneficial to both the excavating and utility operator community and the Commission has worked in concert with other groups involved in damage prevention efforts to refine the process.

An annual event for Commission personnel is participation in the International Locate Rodeo which continued in 2009 for the seventh consecutive year. The 2009 event took place on the campus of Kennesaw State University. Commission personnel have volunteered their time in six of those years to work at the rodeo as judges, timekeepers, shuttle drivers, etc., giving the Commission further exposure in the damage prevention arena.

The Commission continued its outreach and education to the Hispanic community. Many of the workers in the excavation and construction industries are Hispanic and educating them on damage prevention efforts is important to the safety and well being of those workers as well as maintaining a reliable utility infrastructure.

The Commission again received a State Damage Prevention Grant in 2009. PHMSA awards these grants to those states that show initiative in promoting damage prevention efforts. The funds from this grant were used to continue the employment of the field investigator hired from funds received under the 2008 grant.

Internal Consultants

The Internal Consultants Unit of the Utilities Division operates primarily as a resource for the Electric, Natural Gas, Telecommunications, Pipeline Safety, and Consumer Affairs units. The Unit provided technical, financial and economic analyses as well as expert testimony as members of the Public Interest Advocacy Staff teams. In addition, the Unit provided technical and policy advice and recommendations to the Georgia Public Service Commission as leaders of the Commissioner Advisory Staff teams in contested dockets.

FEDERAL ISSUES

The Commission monitored electric, natural gas and telecommunications issues on the federal level which potentially impact the state of Georgia, Georgia utility companies and Georgia ratepayers. Two of the major federal issues during 2009 that the Commission actively monitored include the Waxman-Markey Bill (H.R. 2454) the American Clean Energy and Security Act and the Yucca Mountain project, a proposed national nuclear waste repository.

Although the estimates of the potential cost of this environmental legislation varies widely, the United States Congressional Budget Office estimated that the cost of HR 2454 legislation (commonly referred to as Cap-and-Trade) could be as much as \$22 billion annually, or about \$175 per household, by 2020. The implications for Georgia and the nation as a whole are enormous and warrant continued close scrutiny by the Commission.

The national issues of permanent disposal of high level nuclear waste continued to be at the forefront of important national issues. Currently, Georgia Power Company operates two nuclear plants (Plants Hatch and Vogtle) in the state of Georgia. Pursuant to the Nuclear Waste Policy Act, the federal government has committed to take the nuclear waste accumulated at these retail electric power plants for permanent disposal. To date, the Department of Energy has yet to develop a permanent repository for the waste and remove it from the plant sites where it is currently stored. Yet, Georgia Power Company ratepayers have paid over \$640.6 million (through March 31, 2009 excluding interest or return on investment) into the Nuclear Waste Fund. Each utility is assessed a fee of 1 mil/KwH nuclear energy generated for disposal of the waste. The Commission continues to work with other state commissions and the National Association of Regulatory Utility Commissioners to protect the health, welfare, and economic interest of Georgia citizens and ratepayers

ADMINISTRATION DIVISION

During 2009 the Commission continued to maintain the highest standards in performing those administrative functions that serve the public. By making the most prudent use of its resources, the Commission has been able to work within the constraints of its budget to hire and retain quality staff members committed to serving the public sector.

The Commission's Administration Division, headed by the Executive Director, is comprised of the Executive Secretary, Budget and Fiscal Office, Human Resource Office, Public Information/Legislative Liaison Office, Office of Operational Support and the Transportation Unit. An overview of the responsibilities and accomplishments of each of these is set forth below.

Budget and Fiscal Office

The primary role of the Budget and Fiscal Office is to develop the agency's Annual Operating Budget and monitor expenditures to ensure the Commission's compliance with all of its fiscal responsibilities. This task is accomplished in conjunction with the Executive Director and the Commissioners through interactions with the Governor's Office of Planning and Budget (OPB) and the Legislative Budget Offices as well as other Commission staff. The Office manages the fiscal responsibilities of the Commission through recommendations and monitoring of requests for the agency's State and Federal funding, purchasing, asset management and accurate financial reporting of results to Federal, State and other agencies as required or requested. In 2009, the Budget and Fiscal Office accurately monitored and effectively managed a budget with revenues and expenses exceeding \$9.5 million dollars.

The Office continued to support the State Leadership in meeting all directives to control and reduce the overall budget for the Commission. New analytical and modeling tools were implemented to monitor, control and forecast all expenses. Each budget item was analyzed in great detail and reevaluated in order to submit Budgets for FY2010 and FY2011 that reflected 4%, 6% and 8% reductions.

In order to achieve its mission, the Office used the OPB Financial Management System to prepare and submit the Commission budget, including all amendments and scheduled allotments of funds. The Commission's accounting functions (including Accounts Receivable, Accounts Payable and General Ledger) are managed and performed using QuickBooks. The Commission's Purchase Orders are managed using the Georgia Technology Authority administered PeopleSoft System, as well as using PeopleSoft's Asset Management Module for items costing over \$1,000.

Executive Secretary

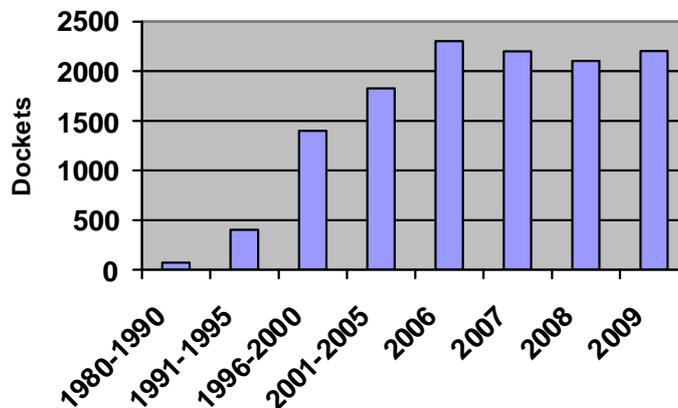
The Executive Secretary's Office is responsible for receiving all public documents filed at the Commission. The Executive Secretary's responsibilities include scheduling

Commission proceedings, assigning hearing officers, signing and certifying Official Orders, and preparing lists of interveners for docketed matters. In 2009, staff members in this Office opened 2,205 new case dockets, processed 8,480 filed documents and filed 2,700 orders. The Executive Secretary prepared 2,700 Orders for the Chairman's signature. The chart below shows that the number of dockets has grown tremendously over the past two decades.

During 2009, the Commission held 72 public hearings constituting either a quorum of the Commission or a hearing officer assigned by the Commission. Matters docketed for public hearing are generally heard by the entire Commission in open session with a majority of the five-member Commission constituting a quorum. The Commission held a public hearing in Albany, Georgia on February 5, 2009 to hear testimony on a Georgia Power Company proposal to convert Plant Mitchell from a coal burning to biomass fuels.

Regular Commission Administrative Sessions are held on the first and third Tuesdays of each month. Committee meetings are held on the Thursdays prior to Administrative Sessions. The five standing Committees of the Commission are Energy, Facilities Protection, Telecommunications, Transportation and Administrative Affairs.

PSC Docketed Workload



Human Resources Office

The Human Resources Office strives to meet the personnel and payroll needs of the Public Service Commission. In 2009, the HR Office remained active in facilitating the self-sufficiency of Commission employees in several areas. All eligible employees entered benefit changes on-line during the Open Enrollment period for Plan Year 2010. Most health insurance, flexible benefits and Employees' Retirement System forms (along with instructions for completion and filing) are now available via the internet and are totally accessible to any employee. Team Georgia continues to be a valuable resource for the Commission. In addition to providing access to paycheck and other

benefit information, Team Georgia serves as a source for a wide array of information specifically geared to State employees.

The Commission experienced the retirements of several longtime staffers in 2009 and can expect to see the number of retirees increase during the next few years. Although retirements continued this year, recruitment to fill the vacated positions was extremely limited due to mandated budget cuts. However, the PSC maintains plans to fill critical positions as soon as financially possible. It is vital that retention of staff and succession planning remain priority goals for the Commission.

Public Information and Legislative Liaison Office

The Public Information Office coordinates official Commission news releases and media relations, maintains the Commission's public information files and supervises the Commission's website content.

During 2009 the Commission received high visibility coverage in the local, state, and national news media coverage as a result of several high profile proceedings relating to nuclear certification hearings. The Office issued 25 news releases, 49 media advisories and six consumer advisories; responded to over 150 national, state and local news media inquiries; conducted numerous interviews with local, state and national media; coordinated Commissioner interviews; and produced Commission publications for internal and external use.

The news media in particular provided extensive coverage of the Commission's Plant Vogtle nuclear certification hearings, the Commissioner's visit to Washington, D.C. to explain their positions on pending climate change legislation and the accident in October 2009 involving unlicensed passenger bus carrying college students.

The Office in conjunction with Consumer Affairs and NARUC also coordinated a Lifeline/Linkup Awareness week during September 14-18, 2009. The campaign included a proclamation issued by the Governor, radio public service announcements, statewide radio network interview and a news release.



Governor Perdue Presents Lifeline/Linkup Proclamation to Commission

The Public Information Officer also serves as the Commission's Legislative Liaison and coordinates the Commission's legislative agenda. In this capacity, the Office responded to numerous Legislator inquiries relating to constituent concerns, tracked more than two dozen pieces of legislation that impact the agency and the utilities it regulates, provided daily legislative updates and coordinated the Commission response to legislative proposals.

A complete list of PSC monitored legislation, sponsors and status is provided below:

House Bills Relating to Regulated Industries

- House Bill 52**, by Rep. John Lunsford. This bill provides for funding experts and consultants by the utilities filing the case or proceeding. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 94**, by Rep. Ron Stephens. Requires electric utilities to give 7 days notices before entering an easement on private property, except in case of emergency. Notice can be by certified mail. Held in House Energy and Telecommunications Committee.
- House Bill 168**, by Rep. Clay Cox. Abolished the Universal Access Fund. Passed House. Held in Senate Regulated Utilities Committee.
- House Bill 244**, by Jimmy Pruett. Substitute incorporates H.B. 52. Passed House. Held in Senate Rules.
- House Bill 267**, by Rep. Wendell Willard. Substitute removes PSC. Would require PSC to disconnect telephones which are used to make unsolicited calls in violation of Do Not Call. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 275**, by Rep. Ellis Black. Bans unsolicited text messages for business purposes. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 276**, by Rep. Mary Margaret Oliver. Bans use of coal from strip mines for electric generation in Georgia. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 302**, by Rep. Mark Hamilton. Requires a telecommunications company to get written notice before a third party can put their charges on a customer's bill. **Passed and signed by Governor.**
- House Bill 328**, by Rep. bob Lane. Limits storage fees that both non-consensual private and public property towers can charge and would also place regulation of public property towing under the Commission. Held in House Motor Vehicle Committee.
- House Bill 376**, by Rep. Don Parsons. Sets news intrastate access rates. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 389**, by Rep. Tom Rice. Requires Commission to provide informational packets to motor carriers that it is illegal to provide alcoholic beverages to persons under 21. This provision was incorporated into the H.B. 396 substitute which passed both Houses. Held in House Motor Vehicles.

- Held in House Energy and Telecommunications Committee.
- House Bill 396,** by Rep. Tim Bearden. Committee sub would require the Commission to provide information on underage drinking to limousine companies certified by the commission. The Senate amended the bill and the House never got around to taking that up on Day 40, so it remains in the Senate. The House will either agree to the Senate sub or disagree, and send it to a conference committee.
- House Bill 404,** by Rep. Alan Powell. The bill relates to liability coverage carried by taxi cabs, but it inadvertently brings taxi cabs under commission regulation. This is a Department of Revenue bill. Held in House Transportation Committee.
- House Bill 421,** by Rep. Harry Geisinger. Authorizes Governor to allow the state and the Southern States Energy Board to take an inventory of oil and natural gas along the Georgia state. Held in House Energy, Utilities and Telecommunications Committee.
- House Bill 440,** by Rep. Bill Anderson. Exempts GRTA rideshare and other government rideshare programs from Commission regulation.
Passed and signed by the Governor.
- House Bill 473,** by Rep. Ben Harbin. Provides for homeowners to apply for clean energy "grants" from GEFA. **Passed and signed by the Governor.**
- House Bill 559,** by Rep. Quincy Howard. Allows Commissioners to be elected only by voters in their district. Held in House Governmental Affairs Committee.
- House Bill 568,** by Rep. Don Parsons. Repeals PSC districts and changes method of chairman election and term of office. House substitute deals only with chairman election and term of office. In Senate Rules Committee.
- House Bill 691,** by Rep. Karla Drenner. Excludes solar photovoltaic energy from utility energy purchase requirements. Held in House Energy, Utilities and Telecommunications Committee.

Senate Bills Relating to Regulated Industries

- Senate Bill 31,** by Sen. Don Balfour. Allows collection of financing costs for nuclear construction projects prior to the project being placed into service.
Passed and Signed by Governor.
- Senate Bill 53,** by Sen. Seth Harp. Provides for the Governor to appoint Special Officers to protect utility property. Held in House Judiciary Committee.
- Senate Bill 147,** by Sen. David Adelman. Requires electric utilities to have a renewable energy portfolio. Held in Senate Regulated Utilities Committee.
- Senate Bill 272,** by Sen. Robert Brown. Requires electric utility to list financing charge as a line item on customer bill. Held in Senate Regulated Industries and Utilities Committee.
- Senate Resolution 402,** by Sen. David Shafer. Creates the Joint Study Committee for Comprehensive Telecommunications Reform. Passed Senate. Held in House Energy, Utilities and Telecommunications Committee.

Legislation Affecting Agency Operations and State Employees

House Bill 118, by Rep. Glenn Richardson. Amends the State's Fiscal Year 2009 spending plan. **Passed and signed by the Governor.**

House Bill 119, by Rep. Glenn Richardson. Provides money for the State 2010 Fiscal Year beginning July 1, 2009. **Passed and signed by the Governor.**

Office of Operations Support

During 2009, the Georgia Public Service Operations Support Office achieved a number of accomplishments which enhanced the network infrastructure and improved efficiency while reducing consumption of energy resources.

The unit continued its implementation of virtual technology to increase network efficiency, reduce maintenance and hardware costs and to vastly improve energy efficiency within the data center. The agency continued its energy efficiency efforts by joining forces with the Environmental Protection Agency (<http://www.epa.gov>) and Energy Star (<http://www.energystar.gov>) to complete the Energy Star Challenge. The Operations Support Office is following strategies outlined by the Energy Star challenge that will enable our agency to consume less energy and save taxpayer dollars.

The Operations Support Office integrated damage reporting data reported from the Georgia Utility Facilities Protection Unit with the Georgia Utilities Protection Center (<http://www.gaupc.com>). This pilot project is one of the first to be completed in the United States. This data integration will enable GUFPA to increase public safety and educate probable violators to reduce risk due to Georgia dig law violations.

The Operations Support Office continued to develop enhancements to its Transportation Unit Application Database. Improvements and enhancements to this application have improved productivity and increased efficiency for internal staff as well as external stakeholders, such as Insurance Companies and entities the agency regulates.

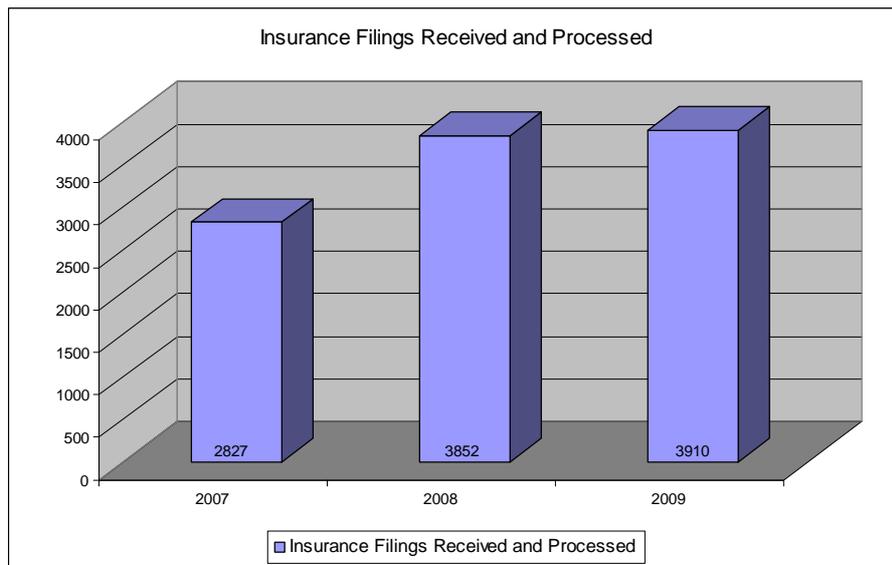
The objectives of the Operations Support Office in 2009 include increasing energy efficiency, reducing agency administrative overhead, improving data sharing capabilities with external stakeholders and reducing budget expenditures during the fiscal year.

With limitations to the budget during much of the 2009 fiscal year, the Operations Support Office has continued to research and implement technology resources while maintaining and improving technology services to internal and external stakeholders and taxpayers.

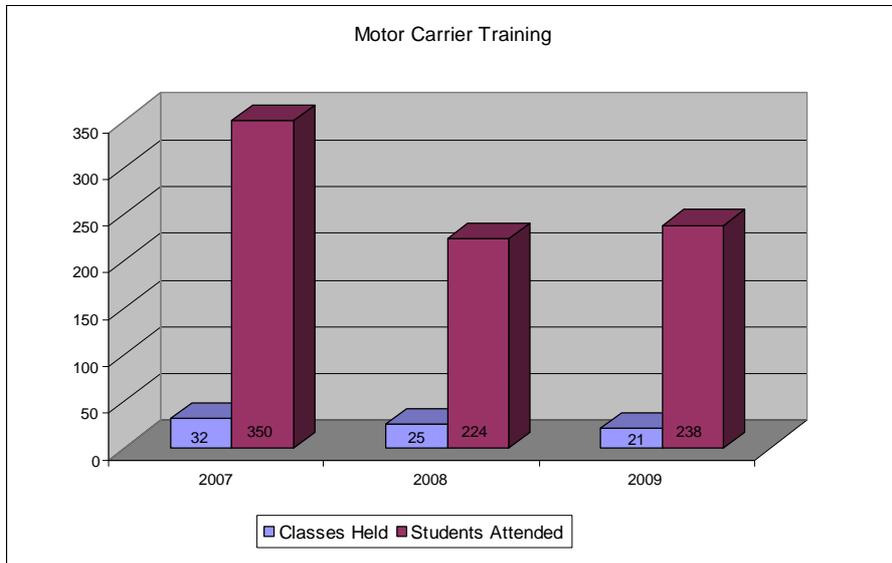
Transportation Unit

The Commission has regulatory responsibility for over 1,000 “for hire” intrastate motor carriers. The Commission’s responsibility extends to household goods carriers, limousine operators, buses, and wrecker companies performing private property trespass towing operations. The Commission engages in permitting and certification, training new carriers, auditing records, investigating consumer complaints, processing and maintaining insurance filings and taking action against illegal operators.

The Commission’s goal is to deliver prompt courteous service to all consumers and stakeholders and to ensure that Georgia citizens receive value for the transportation assistance that the unit provides. Public safety is a top priority and is of primary importance on all the programs that the Commission regulates. To ensure that a high degree of safety is maintained, the Commission actively monitors and administers insurance filings for all transportation companies under its regulatory authority.

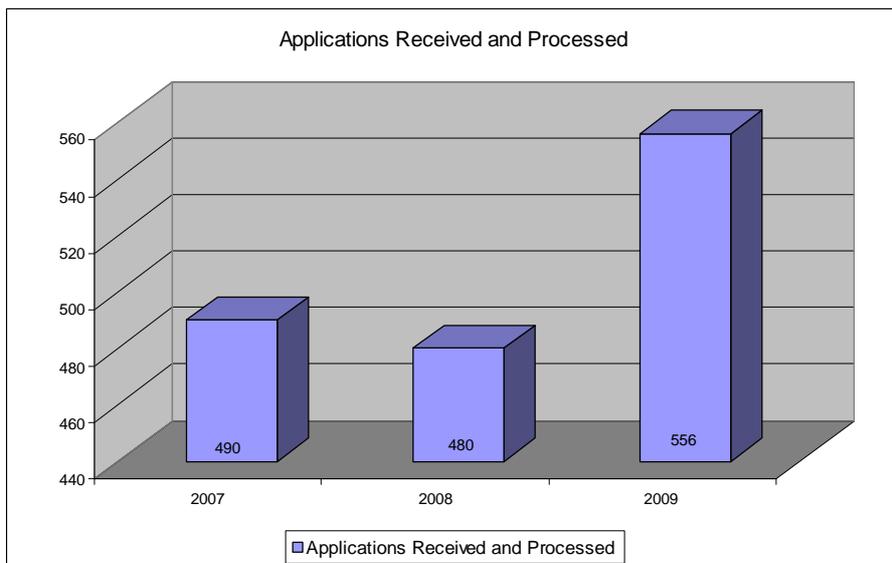


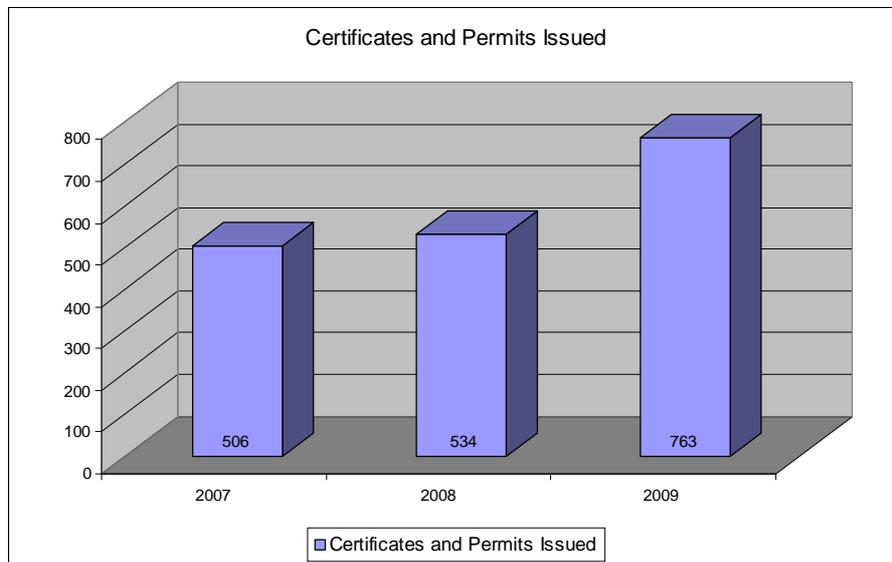
Additionally, all new applicants for household goods and passenger carrier authority are required to complete a Commission sponsored training session. The Commission also provides ongoing education and training to permitted and certificated carriers that already hold permanent operating authority. By requiring regulated companies to maintain adequate insurance coverage and by offering training opportunities, the Commission believes that both the transportation industry and Georgia consumers are better served and better protected.



ASSURANCE THAT CARRIERS ARE PROPERLY PERMITTED AND CERTIFICATED

The Commission has statutory responsibility for issuing certificates and permits to qualify "for hire" transportation companies that operate entirely within Georgia's boundaries. Household Goods Certificates, Limousine Carrier Certificates, Passenger Certificates, Passenger Permits and Non-Consensual Towing Permits are issued to businesses making application and meeting qualifications for license issuance. In 2009 the Commission received and processed 556 applications on all its regulated programs while issuing 763 certificates and permits.





ASSURANCE OF REASONABLE RATES AND FAIR TARIFFS

The Commission's price setting authority on rates for motor carriers is limited to household goods movers, some for-hire passenger carriers and wrecker companies conducting private property trespass towing operations. Commission personnel routinely conduct audits on regulated carriers to ensure that Georgia consumers are being assessed fair and reasonable prices. Staff also maintains several maximum rate tariffs and regularly evaluates the need for price setting adjustments to assure that regulated businesses are operating in an environment that is both viable and healthy for the industry.

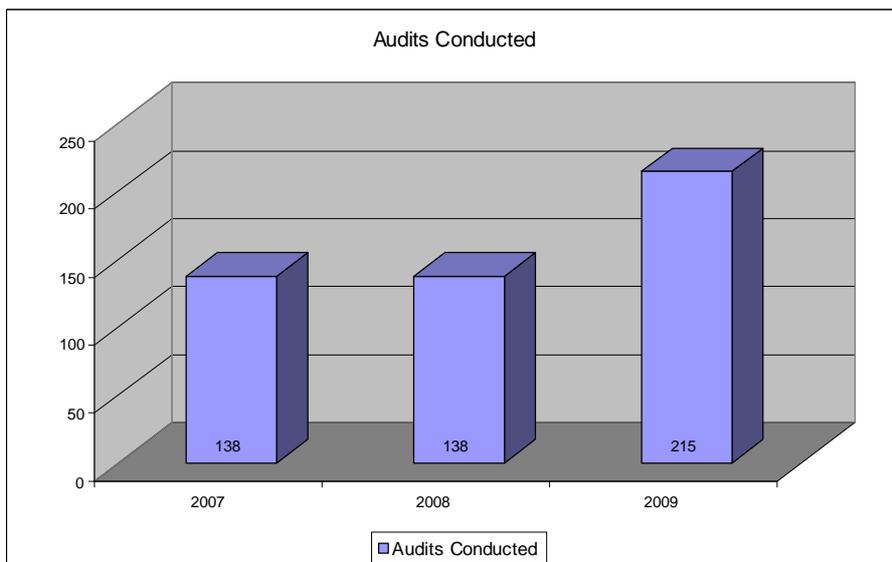
In March 2009 the Commission approved a two percent (2.0%) across the board rate increase for Georgia household goods movers. This allowance took into consideration the annual rate adjustment based on the Producer Price Index published by the United States Department of Labor's Bureau of Labor Statistics.

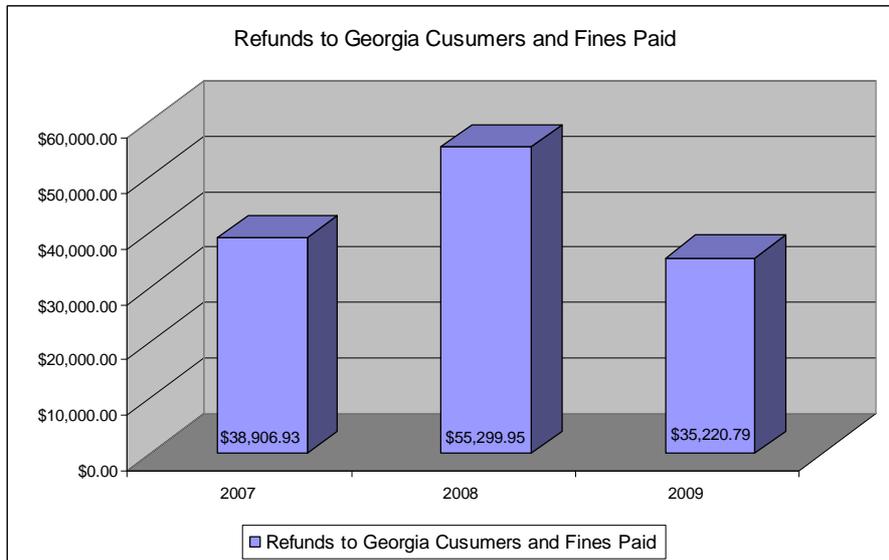
ASSURANCE OF THE PUBLIC'S TRUST

There are two practices by which an effective regulatory program may be measured. By systematically and routinely auditing transportation company records, carriers are held accountable and are far more likely to follow best business practices outlined in rule and law. By actively investigating consumer complaints, the Commission enhances the likelihood that carriers will deliver better customer service and will be more attentive to the public's needs. The Commission vigorously engages in both audit and complaint actions. Failure to follow the rules and regulations or to provide adequate service could result in the Commission taking adverse action against a carrier. Such action may include assessment of a civil penalty, suspension of a carrier's authority or cancellation of a carrier's legal operating authority.

Georgia Public Service Commission
2009 Annual Report

In 2009 the Commission received and investigated 157 complaints and conducted 215 audits. The majority of complaints filed with the Commission pertained to grievances against household goods carriers and to problems or differences with private trespass tow operators. Typical issues routinely reported against movers involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) loss or damage of personal property, and 4) illegal carriers. Typical issues routinely reported against tow operators involved: 1) complaints of being overcharged, 2) customer service or courtesy problems, 3) timely notification of tow and impound, and 4) improper sign posting.





SIGNIFICANT MATTERS IN TRANSPORTATION DURING 2009

HOUSEHOLD GOODS MOVERS

COMMISSION DENIES MOVERS REQUEST FOR FUEL SURCHARGE AND TRAVEL TIME FEE

At the May 5, 2009 Administrative Session meeting, the Commission denied a request by the Georgia Movers Association for a rate structure change which would have affected Georgia consumers. The movers petitioned the Commission for allowance of a Fuel Surcharge and a Travel Time fee which if approved would have allowed movers to add these charges to a consumer's bill. In opposing the petition the Commission noted that the movers presented no evidence which indicated that the existing tariff rate structure was inadequately priced. Additionally, it was noted that the Commission had recently adjusted and increased the moving tariff to cover such costs.

COMMISSION WARNS LICENSED MOVERS THAT USE BROKERS

In October 2009, the Commission issued a cautionary warning to all licensed Georgia movers about contracting with or otherwise engaging the services of a moving broker. The Commission issued the warning after receiving a number of complaints from consumers about this practice.

ILLEGAL MOVERS

During 2009, the Commission levied more than \$181,000 in fines against illegal movers for violations of state law and Commission rules. These violations include: 1) Conducting intrastate moves without proper authority from the Commission and; 2) Failure to comply with lawful Commission Orders.

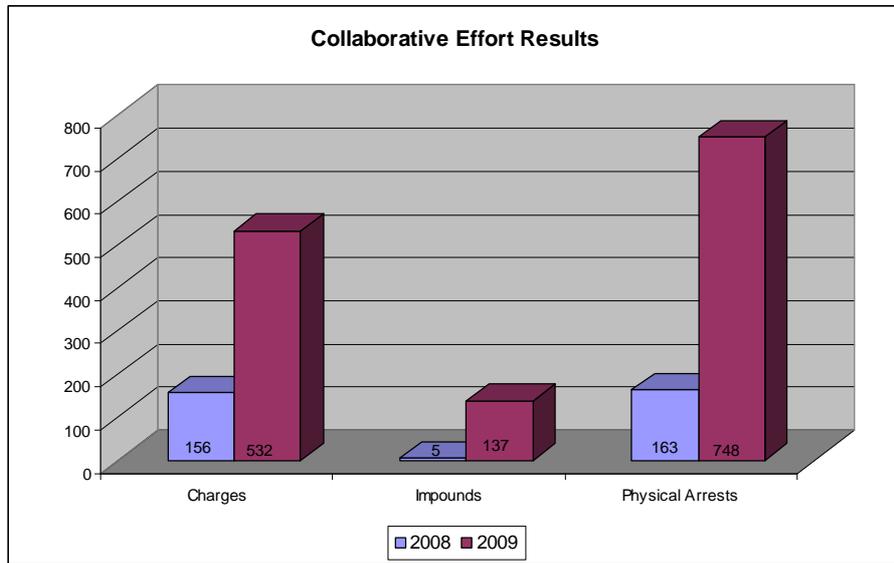
PASSENGER CARRIERS

COLLABORATIVE PARTNERSHIPS AND ALLIANCES

The Commission formed several effective partnerships and alliances to better serve and protect the citizens of Georgia. Commission staff conducted training workshops for 50 enforcement officers and aggressively provided law enforcement with illegal carrier alerts and status reports. Collaborative efforts and frequent communication between staff and law enforcement resulted in significant increases in the charges, impounds and arrests that law enforcement made between 2008 and 2009.

The Commission's aggressive efforts also increased the number of passenger carrier applications and corresponding revenue by 11.2% over this same time period in 2008 as well as doubling the number of training class participants. This achievement is especially important during a time when the industry has been impacted by the downturn in the economy and the increase was not driven by a change in the law as occurred in 2008.

Partnerships were also formed with Atlanta Hartsfield-Jackson Airport and agencies that permit non emergency carriers to ensure that carriers would not be permitted by these entities unless properly certificated by the Commission and other state agencies. This effort resulted in a 42% increase in the number of applications for the passenger carrier authorities certificated by the transportation unit.



LEGISLATIVE CHANGES

The 2009 General Assembly approved House Bill 440 which the Governor signed into law on May 4, 2009. The legislation removes government sponsored commuter rideshare programs from Commission regulation as “for hire” passenger carriers. The Georgia Regional Transportation Authority sponsored the legislation so that its commuter passenger vans would not be subject to possible Commission regulation.

NON-CONSENSUAL TOWING

ADJUSTMENT TO TARIFF

In an effort to keep towing charges current and reflective of changes in technology, the Commission adopted an adjustment to the towing notification fee at the October 6, 2009 Administrative Session. The Commission considered and approved a fee revision which will allow tow truck operators to assess a notification charge when contacting local law enforcement by electronic means.

AGENCY BUDGET

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010 Budget Governor's Rec. (Jan. '10)
Revenue			
General Assembly Appropriations	\$9,963,297	\$8,744,783	\$8,718,582
Federal and Other Funds	\$729,073	\$775,723	\$670,000
Total	\$10,692,370	\$9,520,506	\$9,388,582
Budgeted Expenditures			
Personal Services	\$8,348,571	\$7,986,829	\$7,682,385
Regular Operating Expenses	\$384,235	\$290,271	\$235,973
Motor Vehicle Purchases	\$51,814	\$000	\$34,550
Equipment	\$205,265	\$21,941	\$30,609
Computer Charges	\$95,213	\$66,198	\$63,977
Real Estate Rental	\$671,370	\$671,370	\$671,370
Telecommunications	\$70,389	\$86,515	\$88,411
Contractual Services	\$865,513	\$397,382	\$581,307
Total	\$10,692,370	\$9,520,506	\$9,388,582
Associated Revenue			
Regulatory Assessment Fees Paid Directly to Department of Revenue	\$1,050,000	\$1,050,000	\$1,050,000
Regulatory Fees and Penalties Collected and Remitted to Treasury	\$1,051,726	\$3,031,268	\$659,668
Total	\$2,101,726	\$4,081,268	

**Notes: Penalties and Fees
Collected in FY 2010 through
December 31, 2009**

Notes